the Freeman

Ideas on Liberty

JANUARY 1977

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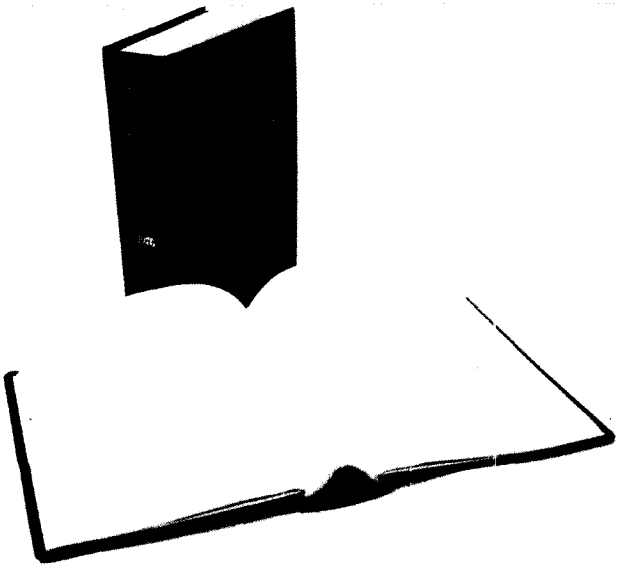

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VOL. 27, NO. 1 · JANUARY 1977

America—A Time, Not a Place — **Joan Marie Leonard** — 3
"Nothing is more powerful than an idea whose time has come."

World in the Grip of an Idea
1. The Idea — **Clarence B. Carson** — 9
The common name is "socialism"; at the deeper level, "the new humanism."

Capitalism and Freedom — **Milton Friedman** — 24
Ideas on liberty by the 1976 Nobel Prize winner.

Cheap Foreign Labor — **Dean Russell** — 26
In labor cost per unit of output, American workers with efficient tools compete well indeed.

Freedom and Majority Rule — **Edmund A. Opitz** — 29
Concerning the limited role of government in a free society and the election of officers.

Inflation vs. Morality — **Henry Hazlitt** — 41
The chain of causation, from inflation to corruption to crime, is direct.

The Powers of Regulation — **Bernard H. Siegan** — 45
An 1886 Supreme Court decision throws light on current abuse of zoning powers.

Savings, Tools, and Production — **Bettina Bien Greaves** — 48
How savings and tools lead to production and trade among property owners in a free society.

Capital Is in the Eye of the Beholder — **Brian Summers** — 53
The market method of production and use vs. socialism.

The Reactionaries — **Harry Lee Smith** — 56
Concerning the importance of the institution of private property.

Book Reviews: — 59
"The Collapse of Democracy" by Robert Moss
"Congress and the New International Economic Order" by E.J. Feulner, Jr.
"The Anti-Communist Blackout in America" by Clarence B. Carson

Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.

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A MONTHLY JOURNAL OF IDEAS ON LIBERTY

IRVINGTON-ON-HUDSON, N.Y. 10533 TEL: (914) 591-7230

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THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a nonpolitical, nonprofit, educational champion of private property, the free market, the profit and loss system, and limited government.

Any interested person may receive its publications for the asking. The costs of Foundation projects and services, including THE FREEMAN, are met through voluntary donations. Total expenses average $15.00 a year per person on the mailing list. Donations are invited in any amount as the means of maintaining and extending the Foundation's work.

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America — *A Time, Not A Place*

Joan Marie Leonard

IT IS POPULAR among many today to reach back for their ethnic past. Americans are talking more about being Polish, Armenian, Italian, Afro or Chicano than American. The Indians seem to want to reclaim the land for the Cherokee, Apache and other tribes. And so many Americans are claiming to be part Indian, we're surrounded.

As soon as the Arabs catch on to this ancient-heritage idea, they may claim America on the basis that everyone in the world is an Arab, since the earliest peoples migrated from North Africa, diffused into a multitude of nations and pulled together again, completing the circle, when the idea of America attracted people from all over the globe.

Miss Leonard is a free-lance writer.

The point is, we don't just occupy a piece of land or just a round speck in the cosmos. We occupy land, but in an area of time and experience. This period of time we occupy cannot continue to be preoccupied with considerations of several thousand years ago without losing everything it has acquired.

As it is, the world is moving backward in time and experience. One symbol of the reversal of progress is the backward movement of the Israeli turmoil. The Jewish people never held a piece of land very long. As a result they became internationals—the most advanced people in the world—almost as disseminated throughout the world as the entire race—the human race. Their desire for a specific plot of national land, and the UN's willingness to shove people out of their

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homes to provide it, has resumed hostilities of several thousand years ago.

The case of Rhodesia isn't black versus white. It too is past versus present—primitive versus civilized. Many of the victims are twentieth-century blacks, active in the economic and political life of a thriving Rhodesian nation and well represented in a legislature that is one-third black. Newspaper articles at first rightfully identified those killed as blacks. But, as you can imagine, blacks killing blacks had leftist propagandists in a frightful tizzy; blacks can only rightfully kill whites. Later articles started to identify victims as "colored"—and still later as non-blacks, meaning, of course, non-black blacks. There is understandable desperation in getting us to understand that black isn't necessarily black. The only real blacks to leftists are those with disruptive political potential—the primitive tribal blacks. Our policy of insisting on tribal dominance of Rhodesia's public offices would be comparable to some country like France telling us to put Geronimo at the head of our Supreme Court in our earlier days.

Life on the Reservation

Our own Indian situation is another painful look into the past. But in all the vocal furor, it is never suggested that the Indian become a part of our life today. What is shouted for most is more of the same treatment that has kept many Indians imprisoned in the poverty of another century, which is to say, welfarism.

Are we to go on forever with reservations preserving people like animals in a zoo while tourists take their pictures as they weave and tend their sheep? If the American idea were extended to the Indians with the abandonment of the welfare-reservation system, they would be self-responsible people enjoying the comforts of today's living and pursuing their arts as a profitable business or hobby, not to obtain a meager sustenance. And they would be enjoying the strength, pride and independence that is far more the essence of their heritage than feathers and paint.

Still, there is no more cause for a national guilt complex over the Indian situation than over any other of our many well-intended but destructive welfare schemes. The intention is *always* to help. The result is *always* increasing misery.

Having provided the Indians with land along with mineral rights not enjoyed by other landowners, the American taxpayer also pays for housing, education, services and subsidies of all kinds while paying again for products and services produced. It would be difficult to find another example in history of a con-

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quered people who have been given so much—to their own detriment. Increased welfare has only led to increased demands, as opportunistic union organizers and radical leaders find profit in keeping Indians the separate and dependent members of a past time period, just as some black leaders urge blacks not to mix with whites for fear of losing their political clout.

It's not just the Indians who are increasingly separatist. There is a growing provincialism among our cities as all communities vie with each other over Federal matching funds, grants and subsidies. When the race is to get there fast and get the most, the money is often spent foolishly on half-formulated projects. In less prosperous times, such rivalry and chicanery could lead to open violence. Is it reasonable to assume that a community willing to accept wealth extracted forcibly from others for its parks and playgrounds would not go to even greater lengths when its very economic survival is threatened by inevitably dwindling doses of dollars from the public treasury?

Factions and Frictions

Our indivisible nation is dividing and subdividing itself into increasingly contentious factions based on geography, occupation, employment status, age group, sex, physical condition, religion, color, race, ethnic background—you name it. The friction and fractionalization intensifies as every gain is taken at someone else's expense.

Welfare is warfare. It is a system of successive retaliation. It proceeds like any fight with an exchange of punches back and forth, all justified because "the other guy started it." Calling it welfare instead of warfare doesn't change the vicious fact, soften the blows, or reduce the danger of expanded hostility.

A nation that privileges no one is indivisible; a nation that grants privileges on the basis of group distinction is obviously divided against itself.

Not so long ago, it was just the opposite. Those escaping from the oppressed countries of Europe were anxious to Americanize their names and be Americans—united in the great, historically new experience of freedom which was interpreted as opportunity—"the land of opportunity."

There was pride in being American, not because it was a great, beautiful place, but because it was a beautiful idea—an idea everyone could embrace because it allowed everything possible to all people in a creative atmosphere of ordered peace. It was the idea that each individual has an importance that transcends the imposed will of anyone else, whether singly or in a

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group, and should therefore be free to pursue his interests so long as he doesn't interfere with the rights of others to do the same.

It was not a national idea. It was the end of the "national" idea. An idea too big for boundaries—an idea both universal and eternal. America was a discovery, not of land, but of truth—unfolding and irrepressible.

The mountains and rivers, lakes and prairies were beautiful, and would be no matter what their conformation, because they were part of this new human discovery—a discovery that opened the way to all forms of creation. It was an idea that would make any place beautiful. And the idea matured and made even the desert wastelands alive and blowing with flowering color and fruitful productivity. More fertile lands around the world, without the sustenance of such understanding, remained as barren as ignorance. They remained in the past—a past to which we are rapidly returning.

The Public Domain

In spite of technological advances, we are intellectually closer to 1492 than to the twenty-first century. In Columbus' time, everyone was afraid to venture across the ocean because they thought they would fall off "the shelf." We're still living with flat-earth beliefs in regard to the land, only today the drop-off point is at the boundary of government ownership and management.

"For our own good" a large percentage of our land area is set aside in a park system—national, state, county and city—that is as anachronistic and un-American as the reservation system.

National and state parks were set aside so "everyone" could enjoy the land's beauty in an unspoiled state. In truth, relatively few get to enjoy them, and the beauty is more soiled than unspoiled.

The parks aren't pristine and undeveloped. They're poorly and publicly developed for almost the exclusive use of campers and backpackers, whereas the majority of people traveling through them aren't prepared for hiking and camping.

At a scenic spot like Glacier Point in Yosemite, the facilities consist of a hot dog stand, souvenir store, picnic tables and rest rooms. Where are "the environmentalists"? Public facilities are the ugliest and most rudimentary because they don't have to be beautiful and provide fine services to attract people for their continued existence as private developments do. They're there by necessity.

Where there are people, there have to be services. There are hotels, restaurants, service stations, stores, and the like in the

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parks. The question is: Who gets the right to operate these monopolies in overcrowded, underserviced areas—and how do they get it? Along with grazing, mining and timber-cutting privileges, those are political permissions handed down by bureaucrats in a system of favors that invites bribery and corruption—the vestiges of a royal privilege system. The only conservation that takes place is the conservation of the past. Under the guise of conservation we are now burning up the forests at a rate of 110,000 man-caused fires a year, some covering thousands of acres.

Some environmentalists would have us believe this *place* is all we have to leave our children and it must be unused if it is to be unspoiled. But if we leave millions of acres of unused, somewhat burned land to posterity, we will also be leaving billions of instances of unused intelligence: an absence of experience, a void of development, a reversal of progress, an abandonment of opportunity, a lack of faith, a fear of life and a philosophy of misery—a denial of everything that America *is*.

In former times, people depended on land for their sustenance. Knowledge and intelligence has magnified every grain of sustenance to such proportions that we no longer depend on the land. We depend on intelligence—individual grains of intelligence in everyone—each of us gaining in experience and production in an interdependent society.

There are those who say ideas of individual freedom and development through private ownership and responsibility "would take us back to the days of our forefathers. They may have had some value at the beginning when we were developing, but are now outmoded."

That's true. Ideas of liberty are only of use to a people or country that is developing. The mistake is in believing that America is developed. It is only because of its ideas of freedom that America has developed and will continue to develop. It has never been on the brink of greater discoveries than now. And just as knowledge proliferates exponentially, every tomorrow can only be greater in possibilities than the day before.

The Keys to Progress

The ideas of our nation's founders put us centuries ahead in health, comfort and prosperity, while people in other parts of the world continued to struggle for life in the same ways they had thousands of years ago. Where there has been progress it is because America has spread its light and music, visual and audio communications, air and

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land transport, mechanized power, food, health and well-being through all kinds of products and services.

America has burst through all national boundaries and made nationalities old-fashioned. America embraces the whole world—for all time. It occupies the entire globe, not with armies, but with a happy intelligence—intelligence shared through products and services.

America was the last stage in which this little planet discovered its physical body. Its beginning marked the end of a preliminary, rudimentary stage of evolution and a never-ending beginning of continued discovery for everyone. Far from having experienced everything, America has shown the world to be a baby that is just beginning to discover its toes.

If we abandon the American idea of production and discovery and revert to the socialists' medieval idea of governmental distribution and control, we will be abandoning civilization in its infancy. Freedom will be delayed, but not denied.

Freedom is irrepressible—exploratory. Always beginning—never ending. Always new. Always *now*. America is not a place to wrap up and preserve for the future—or a people to wrap up and preserve in the past. It is a "pursuit"—a direction—a continuous happening for all people for all time. Its essence is ethic, not ethnic. It is a country without real boundaries. It exists on the frontiers of the mind. Its borders extend to the far reaches of the imagination—and beyond. Always *beyond*.

IDEAS ON LIBERTY

Education for Privacy

WE ARE LIVING in a world and in a time when powerful leaders with millions of fanatical followers are committed to the forcible regimentation of their fellow men, according to formulas which have no initial authority but that of their own private dogmatism. They not only refuse to recognize the right of private thought and personal conscience to be considered in the management of public affairs, but they have abolished the concept of the individual as a private personality and have reduced him to the level of the bee in the hive. To restore the individual to his former dignity as a human being is the urgent need of the day.

MARTIN ten HOOR

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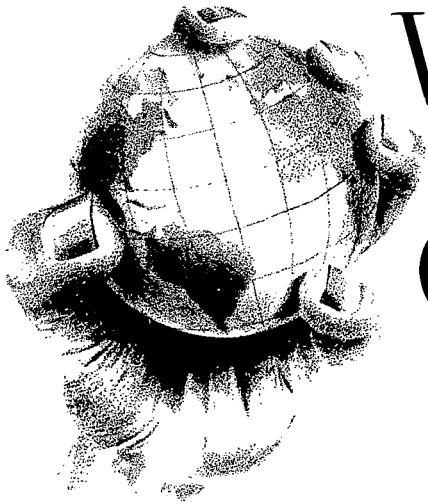

World in the Grip of an Idea

1. The Idea

Clarence B. Carson

SOMETIMES a phrase is concocted to say something that hardly needed saying before. These phrases should be of interest, for they frequently tell us something about what is new and different to our time. Such a phrase is "displaced person." It came into currency sometime around World War II. "DP's," they were called collectively just after World War II, people who could be seen wandering here and there across Europe, the remains of their pitiful possessions on their backs. They were Germans driven from their homes by the Czechoslovak government, Poles, Russians, Rumanians, Letts, Ukrainians, brought thither to work for the Germans and now uncertain what to do or where to go. They were Jews now seeking some new homeland. War had caused these peoples to be transported hither and yon; now revolution was completing their displacement.

"Displaced" is a strange word to use in connection with persons. The most common word formed from

In this series, Dr. Carson examines the connection between ideology and the revolutions of our time and traces the impact on several major countries and the spread of the ideas and practices around the world.

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"displace" is "displacement." It is used to describe what happens, for example, when a body is placed in water. A certain volume of water is "displaced," is moved from where it was to a new location. It is a mechanical operation in character. That is why it is unusual to use such a phrase to refer to people. They have wills; they may choose; they are not something to be "displaced," as if they were water. Yet, the phrase is apt. These people were as near to being displaced as people are likely to be. They had been taken, held, and moved against their wills. The human forces that swept over them had displaced them.

Displaced Persons

The phrase, "displaced person," has fallen into disuse. Many young people may never have heard it. This is unfortunate, for it may be the best single phrase to describe much that has happened in the twentieth century. It could well be used to describe the Russian nobility who sought refuge elsewhere following or before the victory of the Red Army. Kaiser Wilhelm II became a displaced person when his government fell at the end of World War I. Many persons were displaced after that war as the boundaries in central and eastern Europe were redrawn. Most of the Jews in Germany and Poland were displaced in one way or another by the Nazis. Millions were displaced when India and Pakistan were divided into separate states. Arabs were displaced by the creation of the modern state of Israel. Millions of Chinese Nationalists were displaced by the victory of the Communists on the mainland of China. Many white residents were displaced from Africa when black rule was established in countries on that continent. Tens of thousands of Cubans have been displaced by the Castro regime. The same has now happened, or is happening, in South Vietnam.

I am aware, of course, that some of the peoples referred to above are not technically displaced persons; they are what is known as refugees. But they are, nonetheless, displaced persons. They have been displaced by revolutions and changes over which they had no control. They may have chosen to migrate, but they did not choose to lose their places which led them to migrate. Men are as surely displaced by revolutions as water is displaced when a ship is launched. This displacement, and the efforts to avoid displacement, are a major theme of this study.

If the idea of displacement is to serve adequately, however, it must be expanded. There is literal displacement and figurative displacement. In the figurative sense, it is possible to be displaced and yet

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never actually move from the original location. Partial and figurative displacement is widespread in the twentieth century. It is not as dramatic as the actual displacement but it is just as real in its own way.

Being in place for a person means being in familiar surroundings. One's sense of being in place grows out of familiarity with the customs, the traditions, the mores, and styles and either having adjusted to or being in accord with them. The sense of being in place, too, is bolstered by control of one's life and livelihood. Owning property actually provides a place for a person. (Our folk language recognizes this role for property by calling a homestead a "place" or, sometimes, a "homeplace.") Place also has the connotation of position, as within a family, a community, an industry, or some organization. There is, too, man's place in the chain of being ("a little lower than the angels," it used to be held). Our sense of order, of security, and of well-being are connected with being in place. These, in turn, are essential to creativity and productivity.

Displacement by Force

The world is in the grip of an idea today. The thrust of the idea is to replace man, to remove the supports for him in the position that he occupies and to force him into a new place or configuration. The impact of the application of this idea is to displace people. The degree of the displacement is in some sort of proportion to the force exerted but in its subtler dimensions depends on the sensitivities of the persons involved.

Men resist this displacement in a variety of ways. But it is no easy matter to resist it. Resistance requires a place to stand. Any degree of displacement makes outright resistance difficult, and it becomes precarious or dangerous to resist by confrontation. As displacement becomes more pronounced, people tend to conform outwardly but to resist by evasion and by subtle attempts to manipulate power to their own advantage.

Literal displacement is easy enough to recognize. We may not be generally aware of the scale on which it has occurred in the twentieth century, but it does come to our attention from time to time in the midst of wars and revolutions as people flee from the advancing tyranny or are shoved out of their homelands. Figurative displacement, however, is not so readily discerned. After all, if people remain more or less where they have been, how could we tell that they have been displaced? The answer is this: we know it mainly by the way they behave toward the power over them. People who are being dis-

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placed in place, so to speak, attempt to thwart the displacing power by evasion and manipulation.

This sort of activity is by now well developed and deeply ingrained in the Soviet Union. Of course, millions have been displaced in that unhappy land over the years, the most dramatic displacement being that of those transported to slave labor camps. But those who never suffered such displacement have undergone a different kind of displacement. The reaction of these is discussed at length by Hedrick Smith in his recent book on *The Russians*. A recurring theme is that of how Russians make life tolerable for themselves within the repressive system by evasions, manipulations, connivings, and other imaginative ways. He describes it this way:

> It fascinated me that there were such cunning devices for foiling the authorities and that Russians, of all people, supposedly being a nation of sheep, would resort to such expedients. For the notion of the totalitarian state, perhaps useful for political scientists as a bird's-eye view of Soviet society, misses the human quotient. It conjures up the picture of robots living a regimented existence. Most of the time, it is true, the vast majority of Russians go through the motions of publicly observing the rules. But privately, they are often exerting enormous efforts and practicing uncommon ingenuity to bend or slip through these rules for their own personal ends. "Slipping through is our national pastime," a woman lawyer smilingly commented to me.[1]

These people, it appears, have no hope of altering the power over them, their only hope being to carve out as much of a place for themselves as they can in hidden niches. Smith describes their attitude this way:

> You also find an unbridgable chasm between the leaders and the led: between "Them" at the top and "us" at the bottom . . . .
>
> For the common man, politics and the power of the leaders are like the natural elements. No ordinary mortal—worker, peasant, intellectual, Party member—dreams of doing anything about them. They are simply a given, a fact, irresistible and immutable . . . .[2]

Something akin to this is happening in the United States. The thrust of the government is something alien to the American people, yet beyond their power apparently to alter. Americans strive to evade the impact of the government's thrust or to manipulate it to their advantage.

Many exert extensive efforts to keep as much of their income as possible. They pay lawyers, hire tax consultants, tailor their activities, arrange their accounts and invest-

[1] Hedrick Smith, *The Russians* (New York: Quadrangle, 1976), pp. 9-10.

[2] *Ibid.*, p. 255.

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ments so as to pay as little by way of taxes as possible. They seek out investments which will enable them to delay for the longest time the payment of taxes on whatever they have. They use whatever influence they can muster to get as large a tax write-off as possible in their particular undertakings. They ferret out just those investments which provide the best hedges against inflation.

Many businessmen have given up efforts to prevent government regulation of their activities. But they exert massive efforts to make these regulations work to their advantage. When there was talk of deregulation of the airline industry recently, several top executives in the industry spoke out against it. On the other hand, they do not spare expense in attempting to get advantages for their own companies, and sometimes for the whole industry. They collect reams of data, hire astute lawyers, propagandize, and otherwise seek to influence government policy in their behalf.

It is generally claimed that "white collar crimes" are on the increase in America. "White collar crimes," for any who do not know, are crimes committed by evasion, avoidance, and violation of government regulations, controls, and restrictions on economic activities. "Tokenism" has even entered our language as a word to signify not so much minimal compliance with regulations as making an appearance of complying by doing one or a few times what is generally required.

Breaking the Rules

Americans in general often ignore or violate the rules and regulations they are supposed to observe. I had occasion recently to spend an hour or so in and about the lobby in a large hospital. There were signs all over the place: knock before entering, no smoking in this area, wear shoes and shirts for health reasons, exit here, enter there, go there, and return here, among others.

The state legislature had seen fit in its last session to make it a misdemeanor to smoke in public places where signs had been erected prohibiting it. Even so, I saw a hospital attendant dressed in white light a cigarette for a patient in such an area. Other people lighted up, too, oblivious to the law under which they might be punished. Although shoes were prescribed, a scantily clad young woman sitting in the row of chairs behind me hoisted her bare feet up on the back of the chair beside me. Other bare feet were in evidence. And, though shirts were prescribed, I had hardly gained entrance to the hospital before I saw a young man who had obviously just been treated walking down the hallway sans shirt.

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There is considerable evidence that this practice of evasion has entered the legislative and executive branches of the government as well. Some members of Congress practice fairly open ways of evading the laws that they lay down for themselves. Nepotism on the staffs of Congressmen is now prohibited. Even so, Jack Anderson has reported a considerable number of instances where wives, children, and other relatives of Congressmen are employed by their colleagues or by Congressional committees. Undoubtedly such employment is a thinly disguised evasion of the rule against nepotism.

But the best example may well be that of behavior in the Executive branch connected with the Watergate Affair. The Nixon men behaved like displaced persons. Their actions were not what we would expect of men holding the reins of political power. They were for all the world like those out of power, like petty plotters in a "banana republic" seeking to spring themselves into power by some coup. They were not confidently exercising the full powers of government to consolidate their positions within it. They went outside the government to bring in men to violate the law. Then, they attempted to conceal from the government-at-large what they were doing. It was as if they were alien to the government.

Ideas Have Consequences

There is an explanation for these developments, for the alienation from government, for the evasion and manipulation, for the displacement or efforts to displace which prompts it all. The explanation can be found in an idea. Ideas have consequences, the late Richard Weaver pointed out some years back in a powerful treatise on the subject. What we have been examining are consequences of an idea that efforts are being made to apply. The elective branches of the government in the United States have been in considerable degree displaced in the government by the bureaucracy and the judiciary. As the power and sway of government has grown, decision making has more and more shifted to the more permanent members and branches of government. As the grip of the idea increases, the displacement of all except those who wield power in the name of the idea becomes more pronounced.

What is the idea? Can it be named? That is not so easy to answer. There are names aplenty for the movements spawned by the idea. The most commonly used generic name for the movement is socialism. Some call it by the even more inclusive name of collectivism. The more virulent wing of the movement is known as communism. Another wing is called by such varied

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names as evolutionary socialism, gradualism, Fabianism, democratic socialism, and so on. At a deeper level, the broad general movement is called by the somewhat more obscure name, the new humanism.

These are useful terms, and anyone writing about the idea which has the world in its grip will surely find employment for them. But they do not name the idea, though the phrase—the new humanism—may come close to it. They actually name methods and emphases, not the idea which animates them. Even communists refer to socialism as the end and think of it as the idea, but it is not. It is a means, if it is anything. This does not mean that some people do not, as individuals, confuse these means with the end and the idea. Nothing is more likely than that they would, nor more certain than that they do. But these things named are offshoots of the idea, not the idea.

Keep It Nameless

The animating idea has no name. It has no name because there is no name which its adherents accept. It is utopianism. But there is hardly a person to be found who will avow it as his belief. "Utopianism" is a contemptuous designation. In common usage, a utopian is one who is impractical and unrealistic. It has no name, probably, because to name a thing is to risk trivializing it, to profane it, to circumscribe and limit it, and to vulgarize it.

The Second Commandment prescribes that God shall not be represented by any image. There is a deep insight behind this commandment. A god who can be represented by a statue is a god among other gods. He who cannot be represented in such a way is *the* God, the like of which there are no other gods. Whether some such insight has prevented the idea in question from being given a generally accepted name I do not know. It makes sense, however, that if the idea were named it would become an idea among ideas. It would become an idea to be examined, to be debated, possibly to be refuted, and certainly to be scrutinized.

Such treatment, the adherents of the idea apparently resist. They resist it by focusing upon the method for realizing it rather than the animating idea. The idea itself must be an unchallenged good. It must be the pearl beyond price, the holy grail, the Covenant borne in the Ark, and "The Lost Chord," all rolled into one. I have deliberately used religious terminology to evoke the character of the idea. For the animating idea is the root of a secular religion, the leading secular religion of our time. It catches up myriad vague longings set loose by the decline of religion, or, more

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precisely, it provides a faith with credible promises for those who no longer believe the promises of their traditional religions.

Universal Harmony

The idea is this: *To achieve human felicity on this earth by concerting all efforts toward its realization.* This is, on its face, a most attractive idea. A host of other ideas are clustered around it, too, adding to its glow, such ideas as: harmony, brotherhood, progress, peace, prosperity, comradeship, cooperation, equality, humanitarianism, solidarity, an end to the exploitation of man by man, fulfillment through sharing in a common effort, and so on. Who would deny that it would be good if we would all work together for the felicity of all? If this but animated us, would not all those barriers fall away which now separate man from man, group from group, race from race, and nation from nation? Think of the vast amount of energy expended on our contentions with one another. What if, instead, it were constructively employed for our mutual benefit and felicity? It is, indeed, an attractive idea, one to which men of good will are disposed to give their assent.

There is, however, a rather large fly in this ointment. In fact, there may be several, but let us focus on one. There is bountiful evidence that we are not in agreement as to what would constitute our felicity. One man's felicity is often enough another's torment. One man's felicity entails climbing Mount Everest to stand at its crest amidst frigid howling winds. Another, probably most of us, would prefer to be at home watching the ascent on television, if that were possible. One man's felicity is a full stomach after a hearty meal, even if the eventual result is obesity. Another will deny himself perpetually in order to remain slim.

It is not that some of us do not share some of the same or similar preferences. It is rather that if we could be observed in the whole of our being and activity we would be seen to each have an individual pattern whose direction would be to maintain or achieve a sense of well-being or felicity. These patterns, in turn, give rise both to our achievements and to the conflicts and contests among us. Each of us appears to be determined to pursue his own well-being in his own way.

This individuality, these individual patterns, play hob with any concerted effort to achieve felicity. Utopians, or whatever they should be called, know this, of course. But they do not accept it as a permanent condition. If they did, they would have to give up their cause as hopeless at the outset. They do not conceive this individ-

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uality, this determination to pursue one's own interest in his own way, to be rooted in human nature and the conditions of life on this planet. Indeed, except as a figure of speech, they are not inclined to recognize that there is any such thing as human nature. It is just selfishness, they think, a selfishness that is culturally induced.

Alter the Culture

There are three prongs to the idea which has the world in its grip. The first has already been told: To achieve human felicity on this earth by concerting all efforts to its realization. The second is now before us, and can be stated in this way: *To root out, discredit, and discard all aspects of culture which cannot otherwise be altered to divest them of any role in inducing or supporting the individual's pursuit of his own self-interest.* The corollary of this is to develop an ethos which focuses attention on what is supposed to be the common good of humanity.

It is easy not to be aware of how radical socialism really is. For one thing, we have become acclimated to many ideas associated with it. For another, in lands where gradualism holds sway it is often not avowed as an ideology, and the whole pattern of activity associated with it is not perceived as stemming from it. Yet, it would probably not be possible to conceive a more radical idea than that of rooting out or altering everything in the culture that is individualistic.

Socialism is sometimes defined as the public ownership of the means of the production and distribution of goods. That is quite misleading. It is as if Christianity were defined as a belief in going to church on Sunday. The idea that has the world in its grip, an idea which may for practical purposes be called socialism, does not simply entail the alteration of ownership; it entails the alteration of the whole cultural environment.

Use Government to Transform

How big an undertaking would this be? It is as big as, well, as big as all outdoors, or, perhaps, as big as all indoors, plus much that is outdoors as well. Man is to be transformed by the destruction or alteration of his culture. According to an old formulation, there is nature and nurture. Since nature is largely disallowed, there remains only nurture. What nurtures us, then, is the totality of the culture, as it is understood by those who hold these ideas. It is just about everything.

By what instrument is this transformation to be made? This brings us to the third prong of the idea. It is this: *Government is the instrument to be used to concert all efforts behind the realization of*

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human felicity and the necessary destruction or alteration of culture. Government was not the chosen instrument of those who forged this idea. It was quite often anathema to them. To use government to achieve human felicity would be akin to a notion such as that God should have used the Serpent as the means of redemption. The very attractiveness of the idea is that men must long to concert their efforts to achieve felicity. How could the use of force be introduced into the equation? Not by choice but out of necessity. The bent of men to pursue their own self-interest is so ingrained that only government could exorcise it. Force must be used to free men from the hold of selfishness. Hopefully, of course, government would be transformed in the process.

This, then, is a distillation of the idea that holds the world in its grip today. It is not only the idea underlying Soviet Communism or Chinese or Albanian Communism, but also the idea underlying the Fabianism of the British Labour Party, Swedish socialism, American liberalism, German Social Democracy, Canadian interventionism, and the thrust of government into people's lives on a consistent scale everywhere in the world today. There are particular articulations of the idea which are important and will be taken up, some of them, in their place. But the important point here is that they all arise from a certain root idea. They arise from a vision of the achievement of human felicity by a concerted effort by everyone to achieve it. All of them perceive the received culture as something to be destroyed or altered, depending on the exigencies of the situation. All of them use government in their attempts to get concerted efforts.

The proof of these assertions has not yet been introduced. It will be forthcoming, so much of it as can practically be adduced. But it is necessary to have this idea before us from the beginning. A great deal of energy has gone into confusing and obscuring the nature of socialism. In some countries, measures and activities are never linked to their socialist connection by their advocates. Thus, if the connections are to be shown, it must be understood from the beginning what is to be connected. The connection is between the root idea above and the great variety of socialist efforts going on in the world.

Totalitarianism

The idea that has the world in its grip is a totalitarian idea. It does not evince itself in that way in a good many lands as yet. It may never proceed to that point in some lands, but that does not keep it from being a totalitarian idea. The

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totalitarianism is implicit in the idea. If all constructive activity could be concerted to the end of achieving human felicity, everyone would be under the sway of the concerting force. It would be totalitarian whether the concerting force was some world-wide government, the people, or an idea. Whether it would produce felicity or not would be a moot question, for there would be no independent judgment to determine whether it was felicity or universal torment. It is the very condition of independence that one not be completely concerted. The advancement of the idea, then, is the advancement toward totalitarianism.

Even so, that is not the connection nor the impact that will occupy most of our attention. Nowhere has there been sufficient success in applying the idea that a people could be said to have concerted their efforts. What has happened, and is happening, is a struggle within lands where the efforts have been made to apply the idea. It is a struggle between men bent on pursuing their own self-interest and the rulers who are attempting to make them serve some other interest. It is the great undeclared war of our era, a war in which many of those most tenaciously defending themselves openly profess the social emphasis of the rulers. It is, in its deeper dimensions, the struggle of those being displaced against their displacers.

The impact which shall most occupy our attention is displacement. The attempt to remove the basis of individuality evinces itself as an assault upon the inherited culture. Indeed, all that has been inherited from the past becomes suspect to those under the sway of the idea, whether it should be called culture or not. The received social arrangements, the place of women in society, the place of men in society, the religious tradition, customs, habits, venerable modes of address and ways of acting, everything which could conceivably give support to individuality comes under attack. The result is displacement.

Any man's actual as well as sense of place is culturally (as socialists use the word) derived. It is dependent upon the estimate of those among whom he lives and works. It relies upon continuity with the past. It is buttressed by family ties, duties, obligations, and achievements. His property, his savings, that which is owed to him and which he owes give solidity and backing to him. The teachings of his childhood have helped to form him. His religion may well provide him with transcendental support for his beliefs. A part of his definition as a being is that he is male or female with the meaning that has been packed into his understanding of

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the role of these. All the familiar adjuncts of his being—music, paintings, books, working instruments, language, furniture, and what not—are cultural artifacts which confirm and bolster his place.

Breaking the Ties

The thrust of revolution in our time, and gradualism is piecemeal revolution, is not simply to divest us of ownership or control of our property. It is that, of course, but it is so much more. It is to divest us of our received culture. It is to break the ties that bind the members of family to one another. It is to sever religion from education. It is to interpenetrate every relationship with the power of the state, not in support of the individual but to have the relation determined by social imperatives. It is to so alter the familiar adjuncts to our being that they are no longer ours but belong to something beyond us. It is to blur the distinctions between male and female, to merge the concept of adult and child, to cut away the authority of culture, and to leave us naked.

The near perfect symbol of what is aimed at is public nudity. Clothes do serve some useful purposes: to keep us warm in some climes, to shield us from the burning rays of the sun in others, and pockets are convenient places to store odds and ends. Aside from that, though, clothes are emblems of all the received culture by which we maintain our privacy, define our status, and establish our independent realm. To be naked in public means to most of us to be exposed and helpless. Our last defenses are gone; we are at the mercy of all who behold us.

Those who claim that nudity would free us do not understand the matter well. To be disrobed in public no more frees us than to be plucked frees a chicken or to have the hair scraped off frees a hog. Just as the removal of their natural covering prepares animals to be consumed so the removal of the clothes of a person makes him available to be used by others. The removal of cultural protection is the prelude to tyranny.

Naked in Public

Two nineteenth-century fantasies come to mind. The first was written by the beloved teller of fairy tales, Hans Christian Andersen, called "The Emperor's New Clothes." Men posing as clothiers appeared before the emperor and promised to make new clothes for him. But they warned that anyone who was not suited to his job would be unable to see them. The word spread both that the emperor was to get new clothes and that they would be invisible to those unsuited to their work. On the appointed day, an

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elaborate charade got underway. The non- clothes had been delivered to the palace. Yet neither those appointed to dress him nor the emperor himself would admit that there were no clothes; they went through the motions of dressing him and he of admiring his new haberdashery. The farce continued even when the emperor went before the public in a parade. At first, all pretended that the emperor was fully clothed, for none wished to admit the possibility that he alone could not see them because he was unsuited to his job. At last, however, a child, who would hardly be intimidated by this possibility, declared that the emperor had no clothes. That blew the cover, as we would say, or rather the lack of cover, and others could admit also that the emperor had no clothes.

The second fantasy is from *Sartor Resartus,* Thomas Carlyle's satirical treatise on clothes. First, Carlyle imagines the king bereft of his clothes in public:

> "What would Majesty do, could such an accident befall in reality; should the buttons all simultaneously start, and the solid wool evaporate, in very Deed, as here in Dream? *Ach Gott!* How each skulks into the nearest hiding place; their high State Tragedy . . . becomes a Pickleherring-Farce to weep at, which is the worst kind of Farce; *the tables* (according to Horace), and with them, the whole fabric of Government, Legislation, Property, Police, and Civilised Society, *are dissolved,* in wails and howls."

He continues with a vision of the House of Lords in a similar state:

> Lives the man that can figure a naked Duke of Windlestraw addressing a naked House of Lords? Imagination . . . recoils on itself, and will not forward with the picture.[3]

Neither of these fine writers lived to learn of the shocking denouement to their fantasies in the real life drama of twentieth-century revolution, a denouement, let it be said, which neither could have intended nor have wittingly contributed. Nonetheless, the brutal murder of Czar Nicholas II of Russia, his immediate family and their attendants by their Communist captors is by extension a denouement to them. Here is a recent account of that horrendous event. As the account is taken up, the Czar, his family and their attendants have just been herded into a small basement room and told that they are to be shot:

> Nicholas, his arm still around Alexis, began to rise from his chair to protect his wife and son. He had just time to say "What . . .?" before Yurovsky pointed his revolver directly at the Tsar's head and fired. Nicholas died instantly. Alexandra had time only to raise her hand and make the sign of the cross before

[3]Thomas Carlyle, *Sartor Resartus* (New York: E.P. Dutton, 1908), p. 46.

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she too was killed by a single bullet. Olga, Tatiana and Marie, standing behind their mother, were hit and died quickly. Botkin, Kharitonov and Trupp also fell in the hail of bullets. Demidova, the maid, survived the first volley, and rather than reload, the executioners took rifles from the next room and pursued her, stabbing with bayonets. Screaming, running back and forth along the wall like a trapped animal, she tried to fend them off with the cushion. At last she fell, pierced by bayonets more than thirty times. Jimmy the spaniel was killed when his head was crushed by a rifle butt.

The room, filled with the smoke and stench of gunpowder, became suddenly quiet. Blood was running in streams from the bodies on the floor. Then there was a movement and a low groan. Alexis [heir to the throne, afflicted during his brief life with crippling hemophilia], lying on the floor still in the arms of the Tsar, feebly moved his hand to clutch his father's coat. Savagely, one of the executioners kicked the Tsarevich in the head with his heavy boot. Yurovsky stepped up and fired two shots into the boy's ear. Just at that moment, Anastasia, who had only fainted, regained consciousness and screamed. With bayonets and rifle butts, the entire band turned on her. In a moment, she too lay still. It was ended.[4]

Life was ended, but not the gruesome scenario. The bodies were wrapped in sheets, loaded on a truck, and taken to another location. There they were dismembered with saws and axes, burned, and their bones dissolved with acid. What remained was then thrown down a mine shaft. This ghoulish undertaking had taken the better part of three days. Though these murders had only been initially authorized by a local soviet's ruling body, their acts were subsequently approved by the Presidium of the Soviet Union.

Without Cultural Raiment

It may be amusing to fantasize about emperors without their clothes. But there is nothing amusing about emperors, or, for that matter, kings, or members of the House of Lords, or chambermaids, or even cocker spaniels bereft of the cultural raiment which secures their places and provides protection. Without his cultural apparel, every man is exposed. He is a displaced person, even as the survivors of the Romanov family became displaced persons during and after the Bolshevik Revolution in Russia.

The idea that has the world in its grip tends to make displaced persons of everyone. It does so because it fuels the assault on culture, upon religion and morality, upon civilization itself. As these are taken away, or lose their vitality, men lose even

[4]Robert K. Massie, *Nicholas and Alexandra* (New York: Dell, 1967), p. 515.

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the means by which they can defend themselves. In some lands, the displacement has been dramatic and drastic. Refugees from these lands now reside in new lands and seek to make places for themselves. In other lands, the displacement is more gradual and has not yet assumed the guise of direct brutality. The more thoroughly the idea is applied, however, the more the grip will tighten.

The world is not, however, simply in the grip of a general idea. It is in the grip of variations of the idea from land to land, as these have been shaped and applied by a variety of leaders from different backgrounds. We must turn now to particular developments of the idea.

Next: 2. Marxism: Revolutionary Socialism.

IDEAS ON LIBERTY

The Utopian Vision

IN ALL PLACES it is visible, that while people talk of a commonwealth, every man seeks his own wealth; but there, where no man has any property, all men zealously pursue the good of the public: and, indeed, it is no wonder to see men act so differently; for in other commonwealths every man knows that unless he provides for himself, how flourishing soever the commonwealth may be, he must die of hunger; so that he sees the necessity of preferring his own concerns to the public; but in Utopia, where every man has a right to everything, they all know that *if care is taken to keep the public stores full, no private man can want* anything; for among them there is no unequal distribution, so that no man is poor, none in necessity; and though no man has anything, yet they are all rich; for what can make a man so rich as to lead a serene and cheerful life, free from anxieties.

SIR THOMAS MORE, *Utopia*

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CAPITALISM & FREEDOM

Milton Friedman

To list in full the accomplishments which earned Milton Friedman the 1976 Nobel Memorial Prize in Economics is impossible here. But these few excerpts may help to remind readers where he stands. They are drawn from a series of lectures first delivered in 1956 and now available in cloth and paperback editions of **Capitalism and Freedom,** *University of Chicago Press.*

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THOSE of us who believe in freedom must believe also in the freedom of individuals to make their own mistakes. If a man knowingly prefers to live for today, to use his resources for current enjoyment, deliberately choosing a penurious old age, by what right do we prevent him from doing so? We may argue with him, seek to persuade him that he is wrong, but are we entitled to use coercion to prevent him from doing what he chooses to do? Is there not always the possibility that he is right and that we are wrong? Humility is the distinguishing virtue of the true believer in freedom; arrogance, of the paternalist.

THE CHIEF characteristic of progress and development over the past century is that it has freed the masses from backbreaking toil and has made available to them products and services that were formerly the monopoly of the upper classes.

ONE of the most striking facts which runs counter to many people's expectation has to do with the sources of income. The more capitalis-

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tic a country is, the smaller the fraction of income paid for the use of what is generally regarded as capital, and the larger the fraction paid for human services.

THE POWER to do good is also the power to do harm; those who control the power today may not tomorrow; and, more important, what one man regards as good, another may regard as harm. The great tragedy of the drive to centralization, as of the drive to extend the scope of government in general, is that it is mostly led by men of good will who will be the first to rue its consequences.

PRICE CONTROLS, whether legal or voluntary, if effectively enforced would eventually lead to the destruction of the free-enterprise system and its replacement by a centrally controlled system. And it would not even be effective in preventing inflation. History offers ample evidence that what determines the average level of prices and wages is the amount of money in the economy and not the greediness of businessmen or of workers.

IF UNIONS raise wage rates in a particular occupation or industry, they necessarily make the amount of employment available in that occupation or industry less than it otherwise would be—just as any higher price cuts down the amount purchased. The effect is an increased number of persons seeking other jobs, which forces down wages in other occupations.

THE GREATER PART of the new ventures undertaken by government in the past few decades have failed to achieve their objectives. The United States has continued to progress; its citizens have become better fed, better clothed, better housed, and better transported; class and social distinctions have narrowed; minority groups have become less disadvantaged; popular culture has advanced by leaps and bounds. All this has been the product of the initiative and drive of individuals co-operating through the free market. Government measures have hampered not helped this development. We have been able to afford and surmount these measures only because of the extraordinary fecundity of the market. The invisible hand has been more potent for progress than the visible hand for retrogression.

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Dean Russell

Cheap Foreign Labor

AN EGYPTIAN fellow-student at the University of Geneva once gave me a most persuasive argument for using tariffs to protect jobs. "We Egyptians must impose heavy duties on American products," he said, "because our workers are not as well educated and trained as yours. And the American workers have far more capital equipment to work with than ours. To expect the Egyptian workers to compete against yours is like expecting a man with a shovel to compete against a man with a bulldozer. Thus to protect Egyptian jobs, we have no real choice but to raise tariffs high enough to equalize the costs between American and Egyptian production."

His intriguing argument ignores the fact that most of the world's trade occurs only *because* of cost differences—labor and otherwise—and would largely disappear if costs were made equal. Even so, my fellow-student was closer to reality than are our Congressmen who claim that high-paid American workers can't compete against "cheap foreign labor."

First, let's look at this issue from the economic viewpoint, i.e., labor cost per unit of output. In that realistic sense, the typical American employee (or farmer) is the lowest paid worker in the world. True, his hourly pay is three and four times that of his Russian counterpart. But his average hourly *productivity* is five and six times as much. The primary reason for this high productivity is the constantly increasing amounts of equipment the typical American uses in his work.

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As my Egyptian friend pointed out, it's true the American worker is better educated and trained than his European and African counterparts. I'm convinced he also works harder and more effectively, even when he's doing manual labor. And he accepts directions better than his counterpart in other nations. But in the final analysis, if he didn't have easy access to machines and other labor-saving devices, he wouldn't produce much more than the Egyptian peasant.

The result of this abundance of capital is that even at a pay rate of 40 and 50 dollars a day, the American worker still generally provides the cheapest labor in the world. For example, a worker in the capital-intensive United States who uses his machines to produce 500 "units" for $50 pay is far cheaper than an Asiatic worker with little equipment who produces only 25 "units" for $5 pay.

Most American businessmen, however, continue to use the erroneous hourly wage comparison and thus continue to demand protection against cheap foreign labor. But foreign businessmen themselves are increasingly showing by their actions that American labor is indeed a bargain.

That's why foreign direct investment in the United States is increasing at a yearly rate of around 20 percent. The total foreign investment *in productive facilities* in the U.S. is now well in excess of $30 billion and it is climbing steadily.

Among these foreign owners of American factories and related productive facilities are such well-known companies as Volkswagen from Germany, Volvo from Sweden, Montecatini Edison from Italy, Hanson Trust a conglomerate from Britain, Michelin tires from France, Matsuchita from Japan, and Canadian Pacific. Their United States factories are staffed with American workers who are usually paid hourly wage rates considerably higher than the rates paid to the workers of those same companies at home.

While there are many reasons for this increasing foreign investment, here are the three that are most often advanced by the foreign managers and investors themselves: Crippling governmental regulations in their own countries, low cost of capital in the U.S., and the chance to increase profits by using the disciplined, highly productive, and relatively cheap labor provided by the American worker. Cheap, that is, when the total labor cost per unit of production of the American worker is compared to that of his European and Asiatic counterparts. The fundamental reason these workers don't have much is they don't produce much.

As Aldo Cardarelli, head of European operations for General

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Telephone and Electronics said, "In Italy, the costs of labor at our plant outside Milan are pretty much the same as at our Huntsville and Albuquerque plants, yet their output in the U.S. is more competitive." He concludes, "The answer has to be in the productivity of the workers."[1]

A basic reason advanced by the management of Britain's Imperial Chemical Industries for investing $70 million in a herbicides plant in Texas is the freedom they have in the U.S. in hiring, firing, and moving workers from one job to another. That essential key to efficiency and productivity has now been pretty well abolished in Great Britain.

The number one French cement manufacturer, Lafarge, is now investing heavily (with American partners) to expand production facilities in the United States. The reason advanced by Lafarge Chairman, Olivier Lecerf, is the decreasing efficiency and low profits in France due to governmental regulations on prices, labor policies, and welfare programs.

Alfred Hartmann, Vice Chairman of Swiss pharmaceutical maker F. Hoffmann-La Roche and Company, a major investor in the U.S., makes this startling prediction: Because of the relatively low costs of American production, more and more foreign companies will produce in the United States for export to other markets all over the world.

This trend is confirmed by the Federal Reserve Bank of Chicago (International Letter, July 23, 1976): "Labor costs in manufacturing, as measured by labor cost per unit of output in terms of domestic currency, rose sharply in industrial countries in 1975. The trend has been the product of substantial increases in hourly compensation rates and declining rates of output per hour." Only one industrial nation (Germany) showed a better record than the United States during 1975 in this vital economic measure of costs of production.

Clearly, we've got a good thing going in the U.S. with our low capital costs and high wage rates—and the high productivity that goes with them. To maintain this advantage, our business, labor, and government leaders would be well advised to have always before them this question: Is the proposed law or policy likely to increase or decrease productivity? If decrease, reject it. If increase, support it and feel sorry for those disadvantaged foreign workers who earn such low wages that they believe they must hide behind tariffs to protect their jobs.

[1] "Why Foreign Companies Are Betting on the U.S.," *Business Week*, April 12, 1976, page 50.

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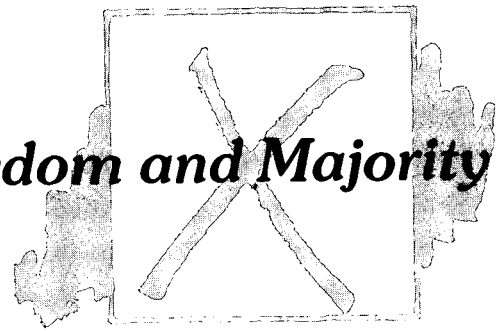

Freedom and Majority Rule

Edmund A. Opitz

THE PUBLISHER of the London *Times* came to this country a few years after World War 1. A banquet in his honor was held in New York City, and at the appropriate time Lord Northcliffe rose to his feet to propose a toast. Prohibition was in effect, you will recall, and the beverage customarily drunk by Northcliffe in his homeland was not available here. So Northcliffe raised his glass of water and said: "Here's to America, where you do as you please. And if you don't, they make you!"

Here, in this land of the free, "we" as voters had amended the Constitution to punish conduct which "we"—as consumers—had been enjoying. If you point out that the Eighteenth Amendment had been inserted into the Constitution by majority vote, and that therefore "we" had done it to "ourselves," you need to be reminded that the "we" who did it were not the same people as the "ourselves" to whom it was done!

The Eighteenth Amendment was annulled in 1933. Shortly thereafter another prohibition law was passed, this one a prohibition against owning gold. Under the earlier dispensation you could walk down the street with a pocketful of gold coins without breaking the law; but if you were caught carrying a bottle of whiskey you might be arrested.

The Reverend Mr. Opitz is a member of the staff of the Foundation for Economic Education, a seminar lecturer, and author of the book, *Religion and Capitalism: Allies, Not Enemies.*

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Then the rules were changed, and you could carry all the whiskey you wanted, but if you had any gold in your pocket you could be thrown in jail!

Our scientists are exploring outer space looking for intelligent life on other planets. I hope they find some, because there's none to spare on planet earth! With how little wisdom do we organize our lives, especially in the areas of government and the economy!

The fundamental issue in political philosophy is the limitation of governmental power; it is to determine the role of law, the functions appropriate to the political agency. The basic question may be phrased in a variety of ways: What things belong in the public domain? and What things are private? What tasks should be assigned to Washington or some lesser governmental agency, and in what sectors of life should people be free to pursue their own goals? When should legal coercion be used to force a person to do something against his will? In view of government's nature, what is its competence? What are the criteria which enable us to distinguish a just law from an unjust law?

These are questions we cannot avoid. It is true that we don't have to debate them, or even think about them; but we cannot help acting on them. Some theory about government is the hidden premise of all political action, and we'll improve our action only as we refine our theory.

What Functions Are Appropriate?

In the light of government's nature, what functions may we appropriately assign to it? This is the question, and there are two ways to approach it. The approach favored today is to count noses—find out what a majority of the people want from government, and then elect politicians who will give it to them! And believe me, they've been giving it to us! The party that wins an election is "swept into office on a ground swell of public opinion," as popular mythology has it; and of course the winners have "a mandate from the people." That's spelled *Peepul.*

I do not accept this approach to political philosophy, and will offer some reasons for rejecting it. Neither did our forebears accept this approach. Every political thinker in the West from Plato down to modern times has taken a different tack. Now the mere fact that something is enshrined by tradition is no reason for accepting it; we accept something because we believe it to be true. But anything which is both tried and true has a lot going for it. Let me try to sketch briefly the way our forebears went about the intellectual and moral

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problem of trying to figure out what government should do, and how we determine whether or not a law is just.

The backbone of any legal system is a set of prohibitions. The law forbids certain actions and punishes those who do them anyway. The solid core of any legal system, therefore, is the moral code, which, in our culture is conveyed to us by the Mosaic Law. The Sixth Commandment of The Decalogue says: "Thou shalt not commit murder," and this moral imperative is built into every statute which prescribes punishment for homicide. The Eighth Commandment forbids stealing, and this moral norm gives rise to laws punishing theft.

There is a moral law against murder because each human life is precious; and there is a moral law against theft because rightful property is an extension of the person. "A possession," Aristotle writes, "is an instrument for maintaining life." Deprive a person of the right to own property and he becomes something less than a person; he becomes someone else's man. A man to whom we deny the rights of ownership must be owned by someone else; he becomes another man's creature—a slave. The master-slave relation is a violation of the rightful order of things, that is, a violation of individual liberty and voluntary association.

The Gift of Life

Each human being has the gift of life and is charged with the responsibility of bringing his life to completion. He is also a steward of the earth's scarce resources, which he must use wisely and economically. Man is a responsible being, but no person can be held responsible for the way he lives his life and conserves his property unless he is free. Liberty, therefore, is a necessary corollary to Life and Property. Our forebears regarded Life, Liberty and Property as natural rights, and the importance of these basic rights was stressed again and again in the oratory, the preaching, and the writings of the Eighteenth Century. "Life, Liberty and Property are the gifts of the Creator," declared the Reverend Daniel Shute in 1767 from the pulpit which I occupied some 200 years later. Life, Liberty and Property are the ideas of more than antiquarian interest; they are potent ideas because they transcribe into words an important aspect of the way things are.

Our ancestors intended to ground their legal and moral codes on the nature of things, just as students of the natural sciences intend their laws to be a transcription of the way things behave. For example: physical bodies throughout the universe attract each other, increasing with the mass of the attracting body and diminishing with the

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square of the distance. Sir Isaac Newton made some observations along these lines and gave us the law of gravity. How come gravitational attraction varies as the inverse-square of the distance, and not as the inverse-cube? One is as thinkable as the other, but it just happens that the universe is prejudiced in favor of the inverse-square in this instance; just as the universe is prejudiced against murder, has a strong bias in favor of property, and wills men to be free.

Immanuel Kant echoed an ancient sentiment when he declared that two things filled him with awe; the starry heavens without, and the moral law within. The precision and order in nature manifest the Author of nature. The Creator is also the Author of *our* being and requires certain duties of us, his creatures. There is, thus, an outer reality joined to the reality within, and this twofold reality has an intelligible pattern, a coherent structure.

This dual arrangement is not made by human hands; it's unchangeable, it's not affected by our wishes, and it can't be tampered with. It can, however, be misinterpreted, and it can be disobeyed. We consult certain portions of this pattern and draw up blueprints for building a bridge. If we misinterpret, the bridge collapses. And a society disintegrates if its members disobey the configuration laid down in the nature of things for our guidance. This configuration is the moral order, as interpreted by reason and tradition.

We're in fairly deep water here, and this is as far into theology as I shall venture. The point, simply put, is that our forebears, when they wanted to get some clues for the regulating of their private and public lives, sought for answers in a reality beyond society. They believed in a sacred order which transcends the world, an order of creation, and believed that our duties within society reflect the mandates of this divine order.

Take a Poll

This view of one's duty is quite in contrast to the method currently popular for determining what we should do; which is to conduct an opinion poll. Find out what the crowd wants, and then say "Me too!" This is what the advice of certain political scientists boils down to. Here is Professor James MacGregor Burns, a certified liberal and the author of several highly touted books, such as *The Deadlock of Democracy* and a biography of John F. Kennedy. Liberals play what Burns calls "the numbers game." "As a liberal I believe in majority rule," he writes. "I believe that the great decisions should be made by numbers." In

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other words, don't think; count! "What does a majority have a right to do?" he asks. And he answers his own question. "A majority has the right to do anything in the economic and social arena that is relevant to our national problems and national purposes." And then, realizing the enormity of what he has just said, he backs off: ". . . except to change the basic rules of the game."

Burns' final disclaimer sounds much like an afterthought, for some of his liberal cohorts support the idea of unqualified majority rule. The late Herman Finer, in his anti-Hayek book entitled *Road to Reaction,* declares "For in a democracy, right is what the majority makes it to be." (p. 60.) What we have here is an updating of the ancient "might makes right" doctrine. The majority does have more muscle than the minority, it has the power to carry out its will, and thus it is entitled to have its own way. If right is whatever the majority says it is, then whatever the majority does is O.K., by definition. Farewell, then to individual rights, and farewell to the rights of the minorities; the majority is the group that has made it to the top, and the name of the game is winner take all.

The dictionary definition of a majority is 50% plus 1. But if you were to draw up an equation to diagram modern majoritarianism it would read:

50% + 1 = 100%;

50% − 1 = ZERO!

Amusing confirmation comes from a professor at Rutgers University, writing a letter to the *Times.* Several years ago considerable criticism was generated by the appointment of a certain man to a position in the national government. Such criticism is unwarranted, writes our political scientist, because the critics comprise "a public which, by virtue of having lost the last election, has no business approving or disapproving appointments by those who won." This is a modern version of the old adage, "To the victor belong the spoils." This Rutgers professor goes on to say, "Contrary to President Lincoln's famous but misleading phrase, ours is not a government by the people, but government by government." So there!

The Nature of Government

What functions may we appropriately assign to the political agency? What should government do? Today's answer is that government should do whatever a majority wants a government to do; find out what the Peepul want from government, and then give it to them. The older and truer answer is

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based upon the belief that the rules for living together in society may be discovered if we think hard and clearly about the matter, and the corollary that we can conform our lives to these rules if we resolve to do so. But I have said nothing so far about the nature or essence of government.

Americans are justly proud of our nation, but this pride sometimes blinds us to reality. How often have you heard someone declare, "In America, 'We' are the government." This assertion is demonstrably untrue; "We" are the society, all 215 million of us; but society and government are not at all the same entity. Society is all-of-us, whereas government is only some-of-us. The some-of-us who comprise government would begin with the President, Vice-President, and Cabinet; it would include Congress and the bureaucracy; it would descend through governors, mayors and lesser officials, down to sheriffs and the cop on the beat.

A Unique Institution

Government is unique among the institutions of society, in that society has bestowed upon this one agency exclusive legal control over the weaponry, from clubs to hydrogen bombs. Governments do use persuasion, and they do rely on authority, legitimacy and tradition—but so do other institutions like the Church and the School. But only one agency has the power to tax, the authority to operate the system of courts and jails, and a warrant for mobilizing the machinery for making war; that is government, *the* power structure. Governmental action is what it is, no matter what sanction might be offered to justify what it *does*. Government always acts with power; in the last resort government uses force to back up its decrees.

Society's Power Structure

When I remind you that the government of a society is that society's power structure, I am not offering you a novel theory, nor a fanciful political notion of my own. It is a truism that government is society's legal agency of compulsion. Virtually every statesman and every political scientist—whether Left or Right—takes this for granted and does his theorizing from this as a base. "Government is not reason, it is not eloquence;" wrote George Washington, "it is force." Bertrand Russell, in a 1916 book, said, "The essence of the State is that it is the repository of the collective force of its citizens." Ten years later, the Columbia University professor, R.M. MacIver spoke of the state as "the authority which alone has compulsive power." The English writer, Alfred Cobban, says that "the

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essence of the state, and of all political organizations, is power."

But why labor the obvious except for the fact that so many of our contemporaries—those who say "we are the government"—overlook it? What we are talking about is the power of man over man; government is the legal authorization which permits some men to use force on others. When we advocate a law to accomplish a certain goal, we advertise our inability to persuade people to act in the manner we recommend; so we're going to force them to conform! As Sargent Shriver once put it, "In a democracy you don't compel people to do something unless you are sure they won't do it."

In the liberal mythology of this century, government is all things to all men. Liberals think that government assumes whatever characteristics people wish upon it—like Proteus in Greek mythology who took on one shape after another, depending on the circumstances. But government is not an all-purpose tool; it has a specific nature, and its nature determines what government can accomplish. When properly limited, government serves a social end no other agency can achieve; its use of force is constructive. The alternatives here are law and tyranny—as the Greeks put it. This is how the playwright, Aeschylus, saw it in *The Eumenides:* "Let no man live uncurbed by law, nor curbed by tyranny."

The Moral Code

If government is to serve a moral end it must not violate the moral code. The moral code tells us that human life is sacred, that liberty is precious, and that ownership of property is good. And by the same token, this moral code supplies a definition of criminal action; murder is a crime, theft is a crime, and it is criminal to abridge any person's lawful freedom. It becomes a function of the law, then, in harmony with the moral code, to use force against criminal actions in order that peaceful citizens may go about their business. The use of legal force against criminals for the protection of the innocent is the earmark of a properly limited government.

This is an utterly different kind of procedure than the use of government force on peaceful citizens—whatever the excuse or rationalization. People should not be forced into conformity with any social blueprint; their private plans should not be overridden in the interests of some national plan or social goal. Government—the public power—should not be used for private advantage; it should not be used to protect people from themselves.

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Well, what *should* the law do to peaceful, innocent citizens? It should let them alone! When government lets John Doe alone, and punishes anyone who refuses to let him alone, then John Doe is a free man.

In this country we have a republican form of government. The word "republic" is from the Latin words, *res* and *publica*, meaning the things or affairs which are common to all of us, the affairs which are in the public domain, in sharp contrast to matters which are private. Government, then, is "the public thing," and this strong emphasis on public serves to delimit and set boundaries to governmental power, in the interest of preserving the integrity of the private domain.

What's in a name? you might be thinking. Well, in this case, in the case of *republic*, a lot. The word "republic" encapsulates a political philosophy; it connotes the philosophy of government which would limit government to the defense of life, liberty and property in order to serve the ends of justice. There's no such connotation in the word "monarchy," for example; or in aristocracy or oligarchy.

A monarch is the sole, supreme ruler of a country, and there is theoretically no area in the life of his citizens over which he may not hold sway. The king owns the country and his people belong to him. Monarchical practice pretty well coincided with theory in what is called "Oriental Despotism," but in Christendom the power of the kings was limited by the nobility on the one hand, and the Emperor on the other; and all secular rulers had to take account of the power of the Papacy. Power was played off against power, to the advantage of the populace.

Individual Liberty

The most important social value in Western civilization is individual liberty. The human person is looked upon as God's creature, gifted with free will which endows him with the capacity to choose what he will make of his life. Our inner, spiritual freedom must be matched by an outer and social liberty if man is to fulfill his duty toward his Maker. Creatures of the state cannot achieve their destiny as human beings; therefore, government must be limited to securing and preserving freedom of personal action, within the rules for maximizing liberty and opportunity for everyone.

Unless we are persuaded of the importance of freedom to the individual, it is obvious that we will not structure government around him to protect his private domain and secure his rights. The idea of individual liberty is old, but it was given a tremendous boost in the six-

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teenth century by the Reformation and the Renaissance.

The earliest manifestation of this renewed idea of liberty was in the area of religion, issuing in the conviction that a person should be allowed to worship God in his own way. This religious ferment in England gave us Puritanism, and early in the seventeenth century Puritanism projected a political movement whose members were contemptuously called Whiggamores—later shortened to Whigs—a word roughly equivalent to "cattle thieves." The king's men were called Tories—"highway robbers." The Whigs worked for individual liberty and progress; the Tories defended the old order of the king, the landed aristocracy, and the established church.

One of the great writers and thinkers in the Puritan and Whig tradition was John Milton, who wrote his celebrated plea for the abolition of Parliamentary censorship of printed material in 1644, *Areopagitica.* Many skirmishes had to be fought before freedom of the press was finally accepted as one of the earmarks of a free society. Free speech is a corollary of press freedom, and I remind you of the statement attributed to Voltaire: "I disagree with everything you say, but I will defend with my life your right to say it."

Adam Smith extended freedom to the economic order, with *The Wealth of Nations,* published in 1776 and warmly received in the thirteen colonies. Our population numbered about 3 million at this time; roughly one third of these were Loyalists, that is, Tory in outlook, and besides, there was a war on. Despite these circumstances 2,500 sets of *The Wealth of Nations* were sold in the colonies within five years of its publication. The colonists had been practicing economic liberty for a long time, simply because their governments were too busy with other things to interfere—or too inefficient—and Adam Smith gave them a rationale.

The Bill of Rights

Ten amendments to the Constitution were adopted in 1791. Article the First reads: "Congress shall make no law respecting the establishment of religion, or prohibiting the free exercise thereof . . ." The separation of Church and State enunciated here was a momentous first step in world history. Religious liberty, freedom of the press, free speech and the free economy are four departments of the same liberating trend—the Whig movement.

The men we refer to as the Founding Fathers would have called themselves Whigs. Edmund Burke was the chief spokesman for a

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group in Parliament known as The Rockingham Whigs. In 1832 the Whig Party in England changed its name to one which more aptly described its emphasis on liberty. It became the Liberal Party, standing for free trade, religious liberty, the abolition of slavery, extension of the franchise, and other reforms.

Classical Liberalism is not to be confused with the thing called "liberalism" in our time! Today's "liberalism" is the exact opposite of historical Liberalism—which came out of the eighteenth-century Whiggism—which came out of the seventeenth-century Puritanism. The labels are the same; the realities are utterly different. Present day liberals have trouble with ideas, as ideas, so they try to dispose of uncomfortable thoughts by pigeonholing them in a time slot. The ideas of individual liberty, inherent rights, limited government and the free economy are, they say, eighteenth-century ideas. What a dumb comment! The proper test of an idea is not the test of time but the test of truth!

You may be wondering why I have not yet used the word "democracy," although I've spoken of monarchy, oligarchy, and liberalism. Well, I'll tell you. Our discussion has focused on the nature of government, and we have discovered that the essence of government is power, legal force. Once this truth sinks in we take the next step, which is to figure out what functions may appropriately be assigned to the one social agency authorized to use force. This brings us back to the moral code and the primary values of life, liberty and property. It is the function of the law to protect the life, liberty and property of all persons alike in order that the human person may achieve his proper destiny.

Voting Is Appropriate for Choosing Office-Holders

There's another question to resolve, tied in with the basic one, but much less important: How do you choose personnel for public office? After you have employed the relevant intellectual and moral criteria and confined public things to the public sector, leaving the major concerns of life in the private sector . . . once you've done this there's still the matter of choosing people for office.

One method is choice by bloodline. If your father is king, and if you are the eldest son, why you'll be king when the old man dies. Limited monarchy still has its advocates, and kingship will work if a people embrace the monarchical ideology. Monarchy hasn't always worked smoothly, however, else what would Shakespeare have done for his plays? Sometimes your mother's lover will bump off the old man, or

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your kid brother might try to poison you.

There's a better way to choose personnel for public office; let the people vote. Confine government within the limits dictated by reason and morals, lay down appropriate requirements, and then let voters go to the polls. The candidate who gets the majority of votes gets the job. This is democracy, and this is the right place for majority action. As Pericles put it 2,500 years ago, democracy is where the many participate in rule.

Voting is little more than a popularity contest, and the most popular man is not necessarily the best man, just as the most popular idea is not always the soundest idea. It is obvious, then, that balloting—or counting noses or taking a sampling of public opinion—is not the way to get at the fundamental question of the proper role of government within a society. We have to think hard about this one, which means we have to assemble the evidence; weigh, sift, and criticize it; compare notes with colleagues, and so on. In other words, this is an educational endeavor, a matter for the classroom, the study, the podium, the pulpit, the forum, the press. To count noses at this point is a cop out; there's no place here for a Gallup Poll.

To summarize: The fundamental question has to do with the scope and functions of the political agency, and only hard thinking—education in the broad sense—can resolve this question. The lesser question has to do with the choice of personnel; and majority action—democratic decision—is the way to deal with it. But if we approach the first question with the mechanics appropriate to the second, we have confused the categories and we're in for trouble.

"Democratic Despotism"

We began to confuse the categories more than 140 years ago, as Alexis de Tocqueville observed. His book, *Democracy in America*, warned us about the emergence here of what he called "democratic despotism," which would "degrade men without tormenting them." We were warned again in 1859 by a professor at Columbia University, Francis Lieber, in his book, *On Civil Liberty and Self-Government:* "Woe to the country in which political hypocrisy first calls the people almighty, then teaches that the voice of the people is divine, then pretends to take a mere clamor for the true voice of the people, and lastly gets up the desired clamor." Getting up the desired clamor is what we call "social engineering," or "the engineering of consent."

What is called "a majority" in contemporary politics is almost invariably a numerical minority,

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whipped up by an even smaller minority of determined and sometimes unscrupulous men. There's not a single plank in the platform of the welfare state that was put there because of a genuine demand by a genuine majority. A welfarist government is always up for grabs, and various factions, pressure groups, special interests, causes, ideologies seize the levers of government in order to impose their programs on the rest of the nation.

Let's assume that we don't like what's going on today in this and other countries; we don't like it because people are being violated, as well as principles. We know the government is off the track, and we want to get it back on; but we know in our bones that Edmund Burke was right when he said, "There never was, for any long time . . . a mean, sluggish, careless people that ever had a good government of any form." Politics, in other words, reflects the character of a people, and you cannot improve the tone of politics except as you elevate the character of a significant number of persons. The improvement of character is the hard task of religion, ethics, art, and education. When we do our work properly in these areas, our public life will automatically respond.

Large numbers are not required. A small number of men and women whose convictions are sound and clearly thought out, who can present their philosophy persuasively, and who manifest their ideas by the quality of their lives, can inspire the multitude whose ideas are too vague to generate convictions of any sort. A little leaven raises the entire lump of dough; a tiny flame starts a mighty conflagration; a small rudder turns a huge ship. And a handful of people possessed of ideas and a dream can change a nation—especially when that nation is searching for new answers and a new direction.

IDEAS ON LIBERTY

Ralph Waldo Emerson

GIVE NO BOUNTIES, make equal laws, secure life and property, and you will not need to give alms. Open the doors of opportunity to talent and virtue, and they will do themselves justice and property will not be in bad hands. In a free and just commonwealth, property rushes from the idle and imbecile to the industrious, brave, and persevering. The level of the sea is not more surely kept than is the equilibrium of value in society by demand and supply; and artifice and legislation punish themselves by reactions, gluts, and bankruptcies.

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Henry Hazlitt

INFLATION VS. MORALITY

DURING every great inflation there is a striking decline in both public and private morality. Let us look at two outstanding historic examples.

The first is the French assignat inflation from 1790 to 1796. The moral consequences of this have been vividly depicted by Andrew Dickson White in his little book, *Fiat Money Inflation in France,* which grew out of a lecture he first delivered in 1876.[1]

With prices soaring and the value of money savings rapidly diminishing, an early effect was the obliteration of thrift. Accompanying this was a cancerous increase in speculation and gambling. Stockjobbing became rife. More and more people began to see the advantages of borrowing and later paying off in depreciated money. A great debtor class grew up whose interest was to keep the inflation going. Workers, finding themselves with less and less real pay in terms of what their wages would buy, while others grew rich by gambling, began to lose interest in steady work. The evaporation of the incomes and savings of the lower and middle classes, and the sudden enrichment of speculators, with their ostentatious luxury, led to mounting social resentment and unrest. Cynicism and corruption set in. Even Mirabeau, who only a few months before had risked imprisonment and even death to establish constitutional government, began secretly receiving heavy bribes. The evidence of the general spread of corruption led to

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[1] Published, with an Introduction by the present writer, by The Foundation for Economic Education, 1959.

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widespread distrust and a loss of faith in patriotism or virtue.

The politicians responsible for the inflation sought to throw the blame, then as now, not only on "the speculators" but on the sellers who were forced to raise their prices. One result was that on February 28, 1793, at eight o'clock in the evening, a mob of men and women in disguise began plundering the stores and shops of Paris. At first they demanded only bread; soon they insisted on coffee, rice and sugar; at last they seized everything on which they could lay their hands. Hundreds of places were plundered. This was endured for six hours. Finally order was restored only by a grant of seven million francs to buy off the mob. When the plundered merchants had the temerity to protest at the City Hall of Paris, they were informed that "shopkeepers were only giving back to the people what they had hitherto robbed them of."

All this was followed by forced loans, price-controls, increased resort to the guillotine, repudiation of the currency, and a final turning to a "man on horseback"—Napoleon.

The German Experience

It is amazing how closely this pattern was followed in the great German hyperinflation of 1920 to 1923. We find the same moral and social retrogression: the discouragement and final obliteration of thrift; the rise in borrowing and prodigal spending; the increase in speculation and gambling; the declining application to steady work; the wanton redistribution of income; the consequent growth of cynicism and corruption, of social unrest, bitterness and hatred, and finally of crime. But the details are worth closer inspection.[2]

The inflation was an unsettling and revolutionary influence. During most of its course, it lowered the real income of the workers; it impoverished the old middle class of investors, and many of those who had made their fortunes from production; it enriched a new small class of inflation profiteers whose money came from speculation. Under the appearance of feverish activity the country was producing less, and most people were poorer. Goods passed from one speculator to another, through a long chain of middlemen. Some got rich by speculating in foreign exchange; but savings-bank depositors and bondholders were all but wiped out, and even most holders of industrial securities ended with barely a fourth of their original investment. On net balance, in sum, the main

[2]For a fuller account, see Costantino Bresciani-Turroni, *The Economics of Inflation* (London: George Allen & Unwin, 1937).

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profiteers from the inflation were successful speculators rather than producers; this implied an important distinction between the new rich and the old rich.

"It is no exaggeration to state," writes Bresciani-Turroni, "that the depreciaton of the currency caused in Germany the vastest expropriation of some classes of society that has ever been effected in time of peace." The annihilation of the value of the mark meant the confiscation of the lender's wealth to the gain of the borrower. Landowners, for example, were thus able to free their lands from mortgage. Owners of houses, of course, were able to do the same; but in their case this advantage was usually more than offset by the decline in real rents, which soon did not cover even maintenance expenses, so that many owners were forced to sell.

Pensioners and others who lived on fixed money incomes were reduced to abject poverty. So, in fact, were most of those in the professional and academic classes: students, tutors, writers, artists, scholars. These and similar changes were reflected in the statistics of the condition of children—malnutrition, underweight, rickets. The general mortality rate from pulmonary tuberculosis greatly increased between 1921 and 1923.

Property rights were in fact, if not in form, obliterated. The "revaluation" decrees of February 1924 and July 1925 made only a paltry fractional restitution, and of course could not undo the millions of personal injustices and deprivations suffered while the inflation was in progress.

It is no coincidence that crime rose sharply during the German inflation. On the basis of 1882=100, the crime rate, which stood at an index number of 117 in 1913, rose to 136 in 1921 and 170 in 1923. It declined again in 1925, when the inflation was over, to 122.

A World-Wide Condition

What shall we say of conditions in nearly every country today? Thanks to Keynesian ideology and spending policies, the universal abandonment of the gold standard, and the workings of the International Monetary Fund, we find inflation practically everywhere; and we find a corresponding social unrest, disorder, and moral decay.

The steadily rising crime in the U.S. is an outstanding example. Between 1960 and 1970 our crime rate per 100,000 population increased an average of 8 per cent per year, and between 1970 and 1973, 4 per cent per year. The total increase between 1960 and 1973 was 120 per cent. But crime increase in the last sixteen years has not been confined to the United States; it is reported from most other countries.

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Another symptom of moral decay is the increasing frequency of scandal and corruption in government circles. One of the saddest illustrations of this is Great Britain, which during most of the nineteenth and early twentieth centuries stood out among nations for the comparative integrity and incorruptibility of its civil servants and political leaders.

Government Sets Example

The chain of causation, from inflation to corruption to crime, is direct. In a free enterprise system, with an honest and stable money, there is dominantly a close link between effort and productivity, on the one hand, and economic reward on the other. Inflation severs this link. Reward comes to depend less and less on effort and production, and more and more on successful gambling and luck. For some, gambling finally comes to seem too chancy, and corruption or crime a surer path to quick reward.

It is not merely that inflation breeds dishonesty in a nation. Inflation is itself a dishonest act on the part of government, and sets the example for private citizens. When modern governments inflate by increasing the paper-money supply, directly or indirectly, they do in principle what kings once did when they clipped the coins. Diluting the money supply with paper is the moral equivalent of diluting the milk supply with water. Notwithstanding all the pious pretenses of governments that inflation is some evil visitation from without, inflation is practically always the result of deliberate governmental policy.

This was recognized by Adam Smith in *The Wealth of Nations,* in a passage that bears repeating: "When national debts have once been accumulated to a certain degree, there is scarce, I believe, a single instance of their having been fairly and completely paid. The liberation of the public revenue, if it has ever been brought about at all, has always been brought about by a bankruptcy; sometimes by an avowed one, but always by a real one, though frequently by a pretended payment."

The pretended payment was effected by inflation. The U.S. government today is paying off in 24-cent dollars the debts it contracted in 1940. Adam Smith went on: "The honor of a state is surely very poorly provided for, when, in order to cover the disgrace of a real bankruptcy, it has recourse to a juggling trick of this kind, so easily seen through, and at the same time so extremely pernicious."

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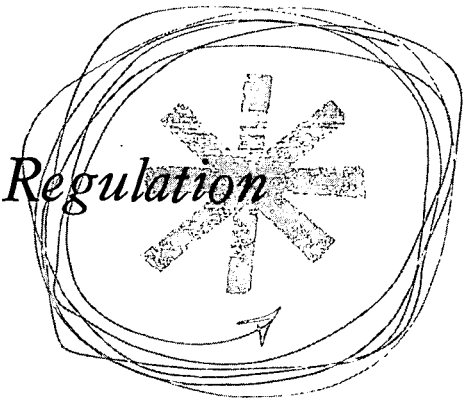
The Powers of Regulation



Bernard H. Siegan

THE U.S. SUPREME COURT, in the case of *Yick Wo v. Hopkins,*[1] decided in 1886, struck down one of the first zoning ordinances introduced in this country. This decision deserves our serious attention today because it revealed much about the inherent nature of zoning which more recent cases unfortunately have forgotten.

The city of San Francisco had adopted an ordinance making it unlawful for any person to operate a laundry business in a wooden building without having first obtained permission of the city's Board of Supervisors. Though clothed in public welfare rhetoric, the real purpose of the ordinance became clear in the manner of its administration. Permits were granted to Caucasian applicants but denied to those who were Chinese.

The Supreme Court ruled the law violated the equal protection clause of the Fourteenth Amendment of the U.S. Constitution, as of course it did by favoring Caucasians over Chinese. This part of the opinion is familiar to lawyers because many constitutional law textbooks have devoted much space to it.

The experts have tended to ignore the second but equally important part of the opinion.[2] Yet the second part spells out doctrine that is fully as cogent to a free society and is

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[1] 118 U.S. 356 (1886).

[2] Professor Norman Karlin of Southwestern Law School brought this point to my attention. He expands on it in his excellent article, "Land Use Controls: The Power to Exclude" in 5 *Environmental Law* 529 (1975).

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something that most people, including even its obvious violators, would readily accept when stated in an abstract and non-specific form.

I refer to that part of the opinion which asserts that the San Francisco ordinance was unconstitutional because it 'intended to confer . . . not a discretion to be exercised upon a consideration of the circumstances of each case, but a naked and arbitrary power to give or withhold consent, not only as to places, but as to persons."

To the court of that day, such power was repugnant in a society governed by the force of laws rather than the will of men: "The very idea that one man may be compelled to hold his life or the means of living, or any material right essential to the enjoyment of life, at the mere will of another, seems to be intolerable in any country where freedom prevails, as being the essence of slavery itself."

Almost anyone who has ever appeared before a regulatory board must recognize how simple it is for the regulators to violate this standard. Members of these boards usually have enormous discretion to reach their decisions, and may do so for reasons known only to themselves and which they can hide with lofty verbiage. Nor are these bodies often overruled by the courts. As a result, the regulators have immense and growing power over the lives of people.

Consider the procedures in zoning. For the owner or developer who has invested months of time and thousands of dollars on a proposed project, there are few more important matters in life than the decision that a relatively minute group of people who hold the zoning power will make.

Having personally experienced these situations, I can assure the reader that almost regardless of the facts and the law, it is extremely difficult to predict the outcome of such hearings. There are innumerable personal factors that enter into the decision-making process. Some members may study the matter diligently and try to vote strictly on what they deem to be the merits of the case.

Perhaps just as often, however, other members will be swayed by various extraneous elements, including self-interest, ideology and personal likes or dislikes for the petitioners, their opponents or what is proposed. It is not an occasion to glory in the dignity of the individual. Citizens in these proceedings find themselves as beholden to government officials as they once were to the absolute rulers of earlier ages.

The trend to slow growth and down-zoning has further

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augmented the problem. When Boards have authority to limit the number of building permits as they do, for example, in Petaluma, California, they can decide with little impunity what will be built and who will build it.[3] This kind of wide latitude can lead to graft and corruption, but neither need enter to create the equally distasteful spectacle of substantial, if not complete power exercised by one group over another.

Reading that old *Yick Wo* case poses issues which our modern acceptance of regulation has tended to obscure. Analogous to the Caucasians who benefited under the San Francisco laundry ordinance, today we have local pressure groups or "right" lawyers or politicians who wield influence with the authorities. The rights of the various people who appear before these boards are far from equal.

Such are the fundamental inequities of regulation which for many of us who should be loudly protesting, have instead regrettably been blotted out by the expediencies of modern life.

[3]See *Construction Industry v. Petaluma*, 522 F.2d 897 (9th Circ. 1975).

IDEAS ON LIBERTY

Principles of a Free Society

THE POSITIVE ASPECTS of personal freedom must be defined in terms of knowledge and power—the powers which nature has given men, and which men have used in turn to increase their understanding and consequently their control of themselves, nature, and events. The investigators who discovered the principles of electricity and the other secrets of nature, and the businessmen who translated this knowledge into real physical power, put humanity in a position to reach its present status of freedom. The function of the state is to make sure that all men are free to use the powers which nature has given them and which they have improved. The methods perfected by free societies to fulfill this function are the principles of private property and freedom of contract—the basic and most important working principles of any free society.

SYLVESTER PETRO, *The Labor Policy of The Free Society*

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Savings, Tools, and Production

Bettina Bien Greaves

LIFE IS UNCERTAIN, especially for primitive peoples who have only their own hands wits and human energy to use in providing for themselves and their families. Sooner or later, if they are able, they will start accumulating some reserves for "rainy days." Prehistoric men who lived in caves must have known from bitter experience that there were times when they would be cold, hungry, sick and helpless. If they could manage in "good" times to consume somewhat less than they produced, then they would have some supplies left to tide them over bad times. Aesop's story of "The Ant and the Grasshopper" illustrates this point:

> On a cold frosty day an Ant was dragging out some of the corn which he had laid up in summer time, to dry it. A Grasshopper, half-perished with hunger, besought the Ant to give him a morsel of it to preserve his life. "What were you doing," said the Ant, "this last summer?" "Oh," said the Grasshopper, "I was not idle. I kept singing all the summer long." Said the Ant, laughing and shutting up his granary, "Since you could sing all summer, you may dance all winter."

There is a little grasshopper in each of us; we all consume some part of what we produce today—as a matter of fact we *must* consume something today in order to survive. But most of us also have some of the ant's "time preference"; we set aside a part of what we have for tomorrow, next week, next winter or next year—for the "rainy days" that are bound to come from time to time. Rainy day savings consist of stocks of consumers' goods—food, clothing and shelter—that individuals produce, do not consume immediately, but set aside to eat, use and wear later.

To survive change and uncertainty may be difficult if one has no surplus stocks of consumers' goods to fall back on. Therefore, men reasoned, some reserves might be helpful to tide them over difficult times. And they began to make conscious efforts to prepare for "rainy

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days." Thus, reason and the drive to relieve "felt uneasinesses" and attain ends induce men to adopt the time preference of Aesop's ant. Rainy-day savings, therefore, are the outcome of conscious, rational and purposive actions. Among rational, thinking human beings, the time preference which leads to restraint in consumption is strengthened by reason, logic and the expectation that saving some things to consume later will enable them to cope more successfully with the uncertainties the future is likely to bring.

Those most likely to make the effort to save for "rainy days" are those who have confidence that they and their loved ones will be able to reap the potential advantages of any savings by being better able, as a result, to cope with "rainy days" when they arrive. For the ant-like time preference to exist and have a significant impact on the actions of men, their rights to own private property and to hold, accumulate and dispose of it as they wish must be recognized and safeguarded.

On the other hand, the grasshopper-like time preference is bound to prevail among men who have little hope of benefiting from putting forth greater effort to produce and from demonstrating greater restraint in consumption. Had Aesop's grasshopper succeeded in forcing his demands on the ant, or had the other barnyard creatures ganged up on the Little Red Hen and taken her production by force, neither ant nor Little Red Hen would have been likely to work so hard another time. They would not have postponed consumption in the expectation of reaping later benefits, but would have consumed their entire production "today." People among whom a grasshopper-like time preference prevails, therefore, inevitably consume almost immediately practically everything they produce and find themselves poorly provided for later when "rainy days" or "bad times" come.

Pure manual labor is hard, tiring and not very productive. Thus men quite logically look around for ways to make their efforts less tiring and more effective. Sooner or later, even among primitive peoples, someone will have an idea for using some object to make hunting, fishing or foraging a bit easier and more efficient. Someone might try using a large stick as a club, a log as a float, a stone as a missile. Once a person recognizes an object to be useful for a purpose, he has a "tool."

The starting point of any tool is an idea. But the development of tools also requires the earlier accumulation of "rainy day savings" so that some persons may spend

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their time and er ergy to develop the idea into tools. T ools save time and effort. But their main advantage is that they enab e the user to increase productic n. As more is produced more will e available to consume. Also as n ore is produced, it becomes easier to set aside still more reserves for later "rainy days."

If people p oduce *increased reserves of cons mers' goods,* large enough not only to tide them over "rainy days" bu also to last while they devote mo e time and energy to implementin g new ideas for developing still better tools, their next logical st p is to start accumulating *rese ves of tools.* Purposive saving fc the production of tools, that is, fc the production of producers' good s or factors of production, is "capi alist saving."

These "capita list savings" may then be employe d by producers who specialize in ma ting still more and better tools. To lay's very complex and sophistica ed machines and production met ods are merely the outcome of this imple sequence. As production incr ased over the centuries step-by-s tep improvements were made in tc ols. With more and better tools av ailable, it became possible to proc uce even more, permitting the de velopment of still more and bette tools. And so the process continu d down to modern times.

Entrepreneurs and Property

The entrepreneur "gets it all together." As he pays for things in the course of carrying out his project on the market, he acquires ownership, step-by-step, of the factors of production. With the ownership of these factors of production comes also the right of control, i.e. the opportunity to decide how they shall be used. Therefore, the products which are made from an entrepreneur's resources—*with the* aid of savings he has assembled or borrowed, the voluntary cooperation of many persons with whom he made arrangements and his ideas and planning—are his and his alone once he has fulfilled all previous commitments.

If we consider the products of any specific private enterprise from this angle, it is easy to understand why and how they become the private property of the entrepreneur who took the risk. His right to the output of his project depends, of course, on his having contracted for and paid in advance for all the goods and services which were used in the process. Under capitalism, therefore, the person to whom the final products belong has acquired legal and effective title to them by having previously acquired and paid for everything used in their production.

In primitive societies, when individuals were first able to keep for

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themselves and their families some of their own production, over and above what was needed for immediate consumption, no matter how little that might be, they could feel a bit more free and independent. Without property rights all the material things they have and even their lives are at the mercy not only of nature, but also of the community "strong man," king, ruler, dictator, gangster, or anyone who proves physically more powerful, more ruthless or more persistent in compelling others to do his bidding. The opportunity to own private property and to control its use, therefore, fosters individual freedom and independence even in primitive societies.

The right to own and control property is probably even more important in a specialized, division of labor, capitalistic economy. Personal freedom, independence and economic survival depend on that right. If property rights are protected and a person's private home is "his castle," a place to which he may retire in peace, he may be confident that he, the members of his family, his papers and effects will be safe there from unwelcome intrusions, "from unreasonable searches and seizures."

Moreover, the right to own and control private property is important to entrepreneurs and producers in a complex capitalistic market economy. But it is important not only to them. It is perhaps even more important to all the rest of us. As a matter of fact, most of us living today would not even be alive if producers had not been relatively free in the past to use their private property as they chose in the hope of earning profits. It is only because the property rights of producers, would-be producers, savers, investors, entrepreneurs, inventors, innovators, etc., have been respected and protected that they were willing and able to cooperate in expanding production. As a result, life expectancy has lengthened, death rates declined, population increased and people throughout the market economy now live longer, healthier lives and have a much greater quantity and variety of food, clothing, shelter, luxury goods and leisure than ever before.

Property owners are interested in using their resources to serve their own ends. They find that the surest way to attain their various ends under capitalism is by providing consumers with the various goods and services they want. As a result, property owners are challenged *under capitalism* to try to serve consumers. When they succeed in doing this, they can earn not only the psychic profit which comes from knowing they are helping others,

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but they will als o be rewarded with monetary profit for themselves.

To use their p roperty to best advantage, proper y owners must be free to make t eir own decisions. Flexibility is mo st important. What kinds of tools a re developed, what form capitalist savings will take, and what will b e produced will depend on the id eas and actions of specific entrepre neurs in the light of their understan ding of conditions and their future expectations.

The entrepre neur contemplates an ever-chan ing "half-baked cake," a smor gasbord of "rainy day" savings i.e., stores of available consu ners' goods, plus capitalist savings in the form of potentially productive factors of production. He tries to juggle things around, reassemble them, and make them more productive. To do this, he must study consumer purchases and refusals to purchase, analyze available resources, consider market prices of the very recent past and try to anticipate future conditions—all difficult tasks at best. If, as a result of his efforts, he can alter the various factors of production so as to serve consumers better and/or cheaper than before, they will become more valuable on the market.

The more freedom and flexibility he has to act in accordance with his own best judgment, the better his chances are. The safer property is expected to be, the more capitalist savings he can expect to attract for investing in his enterprise. The more assurance entrepreneurs and investors have of being able to keep what they earn through the enterprise, the more incentive they will have to continue saving, investing, producing and serving consumers. Any outside interference that deters such enterprises will hamper their plans for production, reduce the amount of goods and services, and so cut down on the number of voluntary transactions possible.

The foregoing article has been excerpted from the "Syllabus" of the two-volume text book, **Free Market Economics,** by Mrs. Greaves, first published in 1975 and now in second printing.

The 242-page "Syllabus" or study guide, and "A Basic Reader" of 286 pages, may be purchased separately at $6.00 each, or as a set at $12.00. These are highly recommended for class use at high school and college level, and especially for a do-it-yourself course in **Free Market Economics.**

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Capital Is in the Eye of the Beholder

Brian Summers

WHEN I WAS A BOY my older brother's slide rule was a marvelous toy. When I went to college that slide rule became a useful tool. Today, with the advent of pocket calculators, I view that very same slide rule as a relic.

Clearly, the slide rule has remained the same; it is I who have changed. When I thought of the slide rule as a toy, it was a toy. When I thought of it as a tool, it was a tool. Now that I think of it as a relic, it is a relic. At least, to me it is.

My estimate of the slide rule's value has also changed. When I was preparing to go to college, its value to me increased. As my college days were coming to a close, and I saw little further use for the slide rule, the value I placed on it declined.

Why this variation in the slide rule's value to me? Obviously, the slide rule didn't change. Neither did the price paid for it nor the work that went into producing it. The only thing that changed was my evaluation of the slide rule's future usefulness to me. The slide rule's future usefulness is what determined its value to me.

What is true for a slide rule is true for any material object—its usefulness, and hence its value, is in the eye of the beholder. In particular, an object is a tool—a capital good—only to someone who perceives it as a tool. The value an individual places on a capital good is determined by his estimate of its future usefulness to him.

This simple observation—capital is in the eye of the beholder—has profound consequences because it helps one choose between free enterprise, in which capital goods are controlled by individuals, and socialism, in which capital goods are controlled by the government.

In a free enterprise economy, businessmen seek profits. Thus, an object is a useful capital good only to those businessmen who believe it can help them earn profits. This is

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true for large corporations as well as small businesses. The division manager of a large corporation has a single mandate: Earn profits. His job depends on how well he fulfills this mandate from the corporation's stockholders. Hence, he evaluates factors of production—land, labor, and capital goods—according to his estimate of their future usefulness in earning profits.

But what is the nature of profits? Are they something plundered from consumers? Or are they the rewards of efficient production?

A businessman's profits or losses are the difference between his costs of production and the selling price of his products. Let us look at each in turn.

When a businessman is planning a project, he hopes to keep his production costs at a minimum by making efficient use of his factors of production. This involves much foresight and careful prior arrangement. When the businessman implements his plan and engages land, buildings, machines, and labor, he tallies up his production costs as the bills come in. By the time his product is finished, the production costs are already paid or contracted to be paid. They are "water under the bridge."

When the businessman tries to sell his product, he hopes that the price will be high—at least as high as his costs of production. But there isn't much the businessman can do about the price except try to live with it. He would like to sell for more, but he would lose customers to his competitors, leaving some of his products unsold. There is little he can do at this stage of his operation except advertise his wares and hope that consumers will buy.

Thus, a businessman has little influence over his profits or losses once he has committed his resources to a course of production. If his production process is efficient, he will keep his production costs low and, hopefully, earn a profit when the time comes for him to sell his wares.

In the final analysis, it is foresight and planning that earn profits. For hundreds of years people were aware of the existence of crude oil, but saw limited applications. It was only when men of vision perceived new uses for oil and carefully planned its extraction and refinement that the public enjoyed those uses, and the most efficient oil companies earned profits.

What about socialism?

Under socialism, capital is still in the eye of the beholder. The manager of a nationalized enterprise still evaluates a capital good according to its future usefulness to him. But, usefulness for what? In free enterprise a capital good is useful because it helps earn profits by making production more effi-

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cient. However, a nationalized industry is a monopoly. There is little incentive to cut costs of production because the nationalized industry can pay its bills simply by raising its prices (there are no competitors to whom consumers can turn) or obtaining a subsidy from the government. Witness the Post Office.

Moreover, under complete socialism, in which the government controls all factors of production, costs of production lose all meaning. In free enterprise, the prices of factors of production are determined by the bids of competing businessmen who hope to use these factors to make products that consumers will reward with selling prices that exceed costs of production. If the businessman bids correctly, customers reward him with profits; if he bids incorrectly—wastes scarce resources—he loses money. Hence, in free enterprise the prices of factors of production are ultimately determined by the buying public, with businessmen acting as intermediaries. But under socialism there is no competitive bidding for factors of production so prices must be set arbitrarily by the government.

How then does the manager of a nationalized enterprise evaluate the usefulness of a capital good? He evaluates it according to its usefulness in helping him carry out production orders issued by his superiors. For instance, in the Soviet Union, when the manager of a nail factory was ordered to produce a certain number of nails, he made small nails. When he was told to produce nails by the ton, he made large nails. At no time did he consider consumers' preferences for large or small nails because his job was not to earn profits. His job was to fill production quotas.

To summarize, in free enterprise capital is used by businessmen to earn profits by efficiently producing goods and services of use to consumers. If a businessman is not efficient, the selling price of his product probably will not cover its cost of production. In contrast, in a nationalized industry capital is used by production managers to carry out orders from their bureaucratic superiors. Whether or not this makes for efficient production is largely incidental because the difference can always be made up at the Federal Treasury or with a higher monopoly price. Finally, under complete socialism it becomes impossible to measure efficiency because, with the market in chains, the government must arbitrarily decide what to produce, how much to produce, as well as guess the costs of production. Instead of responding to the ever-changing evaluations of consumers, production is set according to the eye of the official in power.

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Harry Lee Smith

NO EPITHET seems more satisfying to socialists than the word "reactionary." It is applied without restraint to those who espouse capitalism, free enterprise, or "rugged" individualism.

The dictionary defines a reactionary as one who advocates:

1. An opposing action, force, or influence, and

2. A movement back in time to a former or less advanced condition.

In this century we are experiencing a reaction against the world's first successful private property system. This capitalistic *private* property order is in contrast to the old *public* property order in which all land or real estate was owned by ruling classes. Since land and its products provide the sustenance for survival, control over property means control over men. The public ownership of land and the public control of property has been essential to the maintenance of ruling classes. These tiny but powerful elites produced nothing and lived by taxing their vassals. They bound their subjects to the soil in order to keep them from challenging the wealth, political power, and social prestige of the nobility.

Only during the past two hundred years has a private property order found wide acceptance. The convention under this system allows individuals to acquire property noncoercively and dispose of it in peaceful trade. Governments supposedly have been instituted to protect this right.

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In the United States during the nineteenth century it was national policy to transfer as much land as possible to the private sector. Today, about sixty per cent of the land is privately held. But the process is reversing and there are powerful forces at work trying to establish a *public* property order once again. This reaction is gaining strength despite the incredible success of the private property system in emancipating the peasants. During the past two hundred years the process has transformed a third of the world into developed or rich nations in which most of the population live better than the former ruling classes. Under former regimes the civilized world remained in virtual economic stagnation for 10,000 years.

The public property system is a primitive institution commencing with tribalism and persisting through medieval feudalism. The American Indian, for instance, had no concept of private land ownership.

The twentieth century reaction against capitalism has been the most violent upheaval in history. We live in the bloodiest century the world has ever known.

World War I was a last ditch stand of the *old* public property order in which four leading dynasties lost their power and lands—the Hapsburgs, the Hohenzollerns, the Romanovs, and the Osmanlis. World War II saw the reaction against economic individualism of both old and new public property orders—the old represented by Japanese warlords, and the new by fascists. Fascism is a form of socialism which permits a private property system to exist under state control. It is a first step back toward a public property order. This accounts for the close alliance between Stalin and Hitler in the early days of World War II. Strictly speaking, the United States has become increasingly fascist since the New Deal.

Finally the Korean and Vietnamese conflicts represent reactions against emerging capitalism by the new public property order composed of communists and socialists. Probably the most devastating reaction against private property has taken the form of internal persecutions in the Soviet Union and in The People's Republic of China.

In China and in Russia the archaic public property order persists. The populace is bound to the soil of their homeland. They may not leave under penalty of death. Communist regimes perpetuate themselves after usurping power coercively. In communist countries tiny ruling elites which produce

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nothing live by taxing the peasants. The ardor with which they claim their actions benefit the populace is only met by similar claims of former monarchs. So what has changed? The old and the new public property orders have only changed faces and names. The kings and the commissars are hard to tell apart.

By dictionary definition the true reactionaries of this century are the socialists and communists. It is the socialists who advocate an opposing action to the capitalism which has emancipated the peasants for the first time in history. It is the socialists who advocate a return in time to a less advanced public property system such as that which held the masses in egalitarian squalor and serfdom for thousands of years. The huge slave states of China and Russia have all the basic coercive institutions of discredited ruling elites of the past. The socialists are the reactionaries who have inherited archaic elitist attitudes. It's time we set the record straight.

IDEAS ON LIBERTY

To Safeguard Freedom

THE PURPOSE of all modern political and judicial institutions is to safeguard the individuals' freedom against encroachments on the part of the government. Representative government and the rule of law, the independence of courts and tribunals from interference on the part of administrative agencies, habeas corpus, judicial examination and redress of acts of the administration, freedom of speech and the press, separation of state and church, and many other institutions aimed at one end only: to restrain the discretion of the officeholders and to render the individuals free from their arbitrariness. The age of capitalism has abolished all vestiges of slavery and serfdom. It has put an end to cruel punishments and has reduced the penalty for crimes committed to the minimum indispensable for discouraging offenders. It has done away with torture and other objectionable methods of dealing with suspects and law breakers. It has repealed all privileges and promulgated equality of all men under the law. It has transformed the subjects of tyranny into free citizens.

LUDWIG von MISES, *The Anti-Capitalistic Mentality*

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THE COLLAPSE OF DEMOCRACY

THERE are so many facets to Robert Moss's *The Collapse of Democracy* (Arlington House, $8.95) that one hardly knows where to begin a review. The chapter that follows a brilliant introductory discussion of Walter Lippmann's idea of the "public philosophy" is Orwellian fantasy in the form of a letter written from the England of 1985. But Mr. Moss did not have to invent much. His vision of 1985 Britain is simply a projection of trends that have become all too oppressively familiar over most of the earth.

What informs Mr. Moss's extrapolation with such a terrifying authenticity is his detailed knowledge of what happened in Berlin in 1933, in Prague in 1948, in Chile in 1970, and in Portugal just the other day. Outside of Russia, which was a special case, totalitarians of the Right and the Left in the West have always relied on what Garet Garrett used to call a "revolution within the form." The trick is to march on Rome with the permission of the king, or to take power through a legal election and then stage a phony fire that justifies the outlawing of lesser parties, or to wreck the economy by spreading inflation ("the disease of money") as a prerequisite to declaring a crisis that requires suspension of the or-

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dinary rules. Thus we have the "peaceful road" to socialism, which is peaceful only to the extent that it fills the jails without much bloodshed in the streets.

As foreign editor of the London *Economist*, Mr. Moss has done more than his share of traveling. He also happens to be as thoroughly grounded in the political theory of his own tradition as any stay-at-home don. The British tradition calls for a tacit recognition that there are many things beyond politics. It is not permissible in this tradition to use democracy to destroy democracy. The family must be respected. Fathers and mothers must be allowed to exercise their individual choices in educating their children, in going to church, and in disposing of their property. There must be pluralism in both economic ownership and in political representation.

No Effective Resistance

Well, England has the tradition, but Mr. Moss's travels have convinced him that other nations, not so well grounded in theory, have had better "objective" conditions to support a resistance to totalitarian takeover. In Britain there is no big counter pressure group that is capable of standing up to the labor unions. France has an agrarian interest and a shopkeeping class that has known how to sidestep inflation (by burying coins) and how to avoid taxes. England was once a nation of shopkeepers, skilled in competition, but, for reasons of a misapplied sense of decency, the English middle class has declined to make labor monopolies illegal. This trust has been badly repaid. Using the threat of strikes, the unions have had their way. Only the strength of the tradition has saved England from becoming an Orwellian socialist dictatorship long before this.

As a warning to his countrymen, Moss goes over the ground of what happened in Weimar Germany (where the inflation set the stage for Hitler), in Prague (where Communists infiltrated the existing democratic institutions), in Chile (where a minority President, Salvador Allende, tried to cheat his way to total power), and in Portugal (where the issue was still in the balance when Moss was writing his book). It took a world convulsion to get rid of Hitler. The Czechs, with Russian tanks always at the ready to move in, are still enslaved. But Mr. Moss takes heart from what happened in Chile, even though he doesn't like to contemplate an eternity of military authoritarianism anywhere.

A Lesson from Chile

In Chile the socialist President Allende tried to foist Communism on his country by hypocritical

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means. He "intervened" in businesses by declaring even the middle-sized companies to be monopolies and hence legally liable to State control. He wiped out unemployment by loading industries and banks with unnecessary personnel. He pushed agrarian "reform," but didn't let a new peasant class have property rights in land. The roaring inflation that resulted from inefficient businesses, lack of food and a necessity to import practically everything needed to sustain life created a revolutionary situation. But the truck-owners (small businessmen), the housewives and the Christian Democratic Party weren't ready to capitulate. When the courts held Allende had stretched the law beyond recognition, the military decided it had had enough. It moved in, suspended normal politics, and now rules with the tacit consent of a majority.

Break Union Grip

Mr. Moss doesn't want to see the Chilean experience repeated in England. But the "logic of breakdown" could bring the British to the verge of asking for authoritarian rule. To prevent this, Moss suggests that the union grip on the country must be broken. There should be a new British Bill of Rights to codify the traditional liberties that are now menaced by the tide of socialist legislation. The power of the Commons must be checked by a Supreme Court or a "people's veto"—say, a referendum on life-or-death issues. (Such a referendum has already been used to put England into the Common Market.) And the right to strike should be made far less absolute than it happens at the moment to be.

Like any normal Englishman, Mr. Moss would prefer to depend on sanity and good will. But he thinks democratic governments are justified in using "the minimal force that is necessary" to combat subversion and terrorism. Political concessions should never be made to terrorists—"the personal background and the ideological claims of a terrorist are secondary to the fact that he is waging a war on society."

Mr. Moss believes in tolerance. But he thinks we should limit our tolerance to the expression of opinion. Once a subversive opinion has moved somebody to action, the crackdown should be swift and conclusive.

But the very definite subversion that is practiced by legitimate governments to produce inflation is a real poser. Modern governments have found ways of clipping the coinage without ever calling it in. Mr. Moss confesses that he has "nothing original to contribute on this subject," but maybe originality

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is not needed. His call to return to the "external discipline of gold" would take the possibilities of subversion out of the politico's hands.

►CONGRESS AND THE NEW INTERNATIONAL ECONOMIC ORDER by E.J. Feulner, Jr. (Heritage Foundation: Washington, D.C. 1976) 86 pp. $3.00.

Reviewed by Amy S. Mann

MASSIVE SUBSIDIES of capital, technology, expertise, food, finished goods, and even military hardware have been given by the United States and the industrialized nations of Western Europe to the "developing countries," but all over the Third World the signs say "Yankee Go Home."

How did we get saddled with nearly $300 billion of post-war obligations? Have any net benefits accrued to the recipient nations as a result of so many years of foreign aid programs? Are such programs likely to benefit those nations in the future?

This monograph deals admirably with these and other questions. Mr. Feulner is a senior staff assistant in the U.S. House of Representatives. Formerly on the staff of the Secretary of Defense, he has done research at Stanford's Hoover Institution and the Center for Strategic and International Studies at Georgetown University.

Foreign aid has been with us since the post-World War II Marshall Plan. About a dozen years ago the aid program escalated into the concept of a plan to redistribute the world's wealth and thus close the gap between the developed and the underdeveloped countries.

The crucial years seem to have been 1974 and 1975, when the foundation for the New International Economic Order (NIEO) was laid at the Sixth and Seventh Special Sessions of the United Nations. NIEO, it should be noted, is not one coherent program, but rather a number of diverse proposals presented at different meetings, ostensibly designed to aid the less-developed countries (LDC's).

One such program is the Charter of Economic Rights and Duties (CERDS). Adopted without debate at the Sixth Special Session, this charter gives LDC's the "right" to nationalize foreign-owned property and to make restitution, if any, according to their *own* laws.

Mr. Feulner offers an expert analysis of the problems involved, and also cites the definitive studies of Professor Peter T. Bauer of the London School of Economics. Bauer deftly demolishes the "exploitation" theory. Several conclusions emerge:

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1. One nation's wealth is not gained at the expense of another. The first beneficiaries of multinational corporations are the host countries (LDC's) themselves.

2. The LDC's which have made the greatest economic progress to date are those which have welcomed and encouraged private capital investment (e.g., Taiwan, Brazil, Singapore, the Ivory Coast).

3. Transfer of wealth from governments of developed nations to those of the LDC's is not likely to reduce poverty or promote economic development. Aid programs may, on the contrary, discourage local incentive and productivity. Subsidies may be used by ruling elites to enhance their political position, maintain their high standards of living, and entrench them in power.

4. In the long run, capital investment and productivity are necessary for the advancement of any nation. The proof, once again, is seen in the success of those few Third World countries which have relied primarily on private enterprise.

"The proponents of NIEO," concludes Feulner, "tend to see themselves as arguing for human dignity when they demand 'equality' .... Really, what is being demanded is *unequal* preferential treatment toward the LDC's so as to redistribute wealth internationally .... Were the LDC's actually demanding equal rights and treatment, they would insist on the removal of trade barriers and the operation of unrestricted international markets, and the elimination of international cartels."

Is it not time for a change of policy toward the Third World? Mr. Feulner provides a convincing answer in the affirmative.

► THE ANTI-COMMUNIST BLACKOUT IN AMERICA, by Dr. Clarence B. Carson (New Rochelle, New York 10801: America's Future, 1976) 23 pp., 25c.

Reviewed by Bettina Bien Greaves

IN this exceptional pamphlet, Dr. Carson reports and interprets many events important for a clear understanding of Communism.

In almost 60 years since the Communists gained power in Russia, they have pressed every advantage, used every opportunity to gain their dreadful goals. Many countries have been forced under their sway. Others have come into their sphere of influence by default. But even more important for our situation is their success in the field of ideas. Anti-communism has been effectively discredited in the popular view. Ideological communists exert inordinate influence over practically all our means of

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communication and education and over the major political parties. All this in spite of the documented record of Communism as a system of force, violence, cruelty and destruction. And all this also in spite of the fact that the idea of freedom which it displaces is far superior in every way.

Dr. Carson says little about *why* the communist ideology has gained such an upper hand. To venture an explanation, I would say that the emotional appeal of freedom, the generous nature of people who want to help the less fortunate, and the increasing tolerance for the views of others have undoubtedly played a role. The fact that many persons are motivated in part by personal feelings of envy, guilt and the desire for "something for nothing" at the expense of others who are richer has also helped. Yet the overriding reason must be the widespread lack of a firm understanding of basic economic principles, of the importance of private property, and of the advantages of peaceful, social cooperation. But whatever the reason, the fact remains that many people are now vulnerable to Communist propaganda. And as Dr. Carson's vivid account reminds us, Communist propaganda is just that: pure propaganda, completely unrelated to truth.

I would quibble a bit over Carson's use of the word "liberal." Why refer, without quotation marks, to modern, socialist-communist-minded thinkers as "liberals"? I do not want to relinquish without a fight such a suitable word for describing those who speak out for free markets, private property, and individual rights.

However, Dr. Carson's pamphlet is excellent on the whole. He spotlights many events we are apt to forget or ignore and he explains their significance for present trends. He furnishes substantial insight into the way Communists have gained such a stranglehold on the thinking of so many people. And he writes well. This pamphlet is well worth reading yourself and recommending to friends.

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America—A Time, Not a Place . . . . Joan Marie Leonard 3

World in the Grip of an Idea
1. The Idea . . . . . Clarence B. Carson 9

Capitalism and Freedom . . . . . Milton Friedman 24

Cheap Foreign Labor . . . . . Dean Russell 26

Freedom and Majority Rule . . . . . Edmund A. Opitz 29

Inflation vs. Morality. . . . . Henry Hazlitt 41

The Powers of Regulation . . . . . Bernard H. Siegan 45

Savings, Tools, and Production . . . Bettina Bien Greaves 49

Capital Is in the Eye of the Beholder . Brian Summers 53

The Reactionaries. . . . . Harry Lee Smith 56

Books:
The Collapse of Democracy . . . . . John Chamberlain 59

Other Books 62

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